EXHIBIT 1

IN THE CIRCUIT COURT OF THE STATE OF OREGON

FOR THE COUNTY OF MULTNOMAH

THE STATE OF OREGON, ex rel. DAN RAYFIELD, Attorney General for the STATE OF OREGON, Plaintiff, v. COINBASE, INC. and COINBASE GLOBAL, INC., Defendants.	Case No. COMPLAINT (Violations of the Oregon Securities Law) PRAYER: Presently estimated to be more than $10,000,000 <u>CLAIMS NOT SUBJECT TO MANDATORY ARBITRATION</u> ORS 20.140 (State fees deferred at filing) JURY TRIAL DEMANDED

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

TABLE OF CONTENTS

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Plaintiff State of Oregon ("Plaintiff" or the "State"), by and through its Attorney General, Dan Rayfield, brings this action pursuant to its statutory authority to enforce compliance with the Oregon Securities Law. Plaintiff alleges as follows:

NATURE OF THE ACTION

1.

Coinbase has for years operated an illegal securities business in Oregon through its cryptocurrency trading platform and its practice of selling high-risk and unregistered securities to Oregonians. The Attorney General brings this enforcement action against Coinbase Global, Inc. ("CGI") and its wholly owned subsidiary Coinbase, Inc. (collectively referred to herein as "Coinbase") on behalf of Oregon investors harmed by Coinbase's illegal conduct, and to protect Oregon investors from further harm. Registration requirements are a crucial tool the State uses to protect Oregonians from investment scams, and to combat securities fraud by requiring disclosures that ensure investors and the market have access to material information regarding the securities they purchase. By successfully soliciting, participating in, and materially aiding the sale of unregistered crypto securities on the Coinbase platform, Coinbase has violated, and continues to violate, the Oregon Securities Law and has deprived Oregon investors of material information regarding these securities.

2.

Coinbase is engaged in ongoing and widespread violations of the Oregon Securities Law. Coinbase created and operates an exchange for the purchase and sale of crypto assets, also commonly known as "cryptocurrencies," "virtual currencies," "tokens," or simply "crypto."[1] Through this platform, Coinbase successfully solicits, participates in, and materially aids the sale of unregistered securities to Oregonians.

---

[1] "Crypto" and "crypto asset" are used interchangeably in this complaint to refer to all of these terms.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

3.

The highly speculative securities sold on Coinbase's platform are vulnerable to pump-and-dump schemes and fraud.[2] However, the crypto securities sold on Coinbase's platform are not registered with either the U.S. Securities and Exchange Commission or the Oregon Department of Consumer and Business Services ("DCBS"), which hinders investors' ability to perform due diligence on their investments. While investors frequently incur devastating losses on these highly speculative securities, Coinbase continues to profit on every sale of an unregistered security on its platform.

4.

With certain exceptions not applicable here, securities must be registered with DCBS or under federal law before they are offered for sale in Oregon. The registration process set forth in the Oregon Securities Law and relevant administrative rules promulgated by DCBS require robust disclosures of material information regarding the securities and the issuer as well as a determination by DCBS that the offering is not unfair or unjust. The Oregon Securities Law prohibits the sale of unregistered securities as a means of ensuring that investors and the market have access to information necessary to evaluate the securities offered for sale and to make informed investment decisions.

5.

Since 2012, Coinbase has operated its trading platform (the "Coinbase Platform") through which users, including Oregon customers, can buy and sell crypto assets. Indeed, Coinbase is the largest crypto asset trading platform—or "crypto exchange"— in the United States and has serviced over 108 million customers, accounting for billions of dollars in daily trading volume in hundreds of crypto assets.

---

[2] *See, e.g.*, *The Wall Street Journal*, Traders Are Talking Up Cryptocurrencies, Then Dumping Them, Costing Others Millions, https://www.wsj.com/graphics/cryptocurrency-schemes-generate-big-coin/?mod=article_inline&msockid=0e596e87ee5b65172aa87a1befec6488.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

6.

Coinbase describes the services it offers as “technology and financial infrastructure products and services that enable any person or business with an internet connection to discover, transact, and engage with crypto assets[.]” In addition, Coinbase offers a service to investors called Coinbase Prime (“Prime”), which Coinbase markets as a “an institutional-grade trading platform” that routes orders for crypto assets to the Coinbase Platform or to third-party platforms.

7.

Many crypto assets offered on Coinbase are offered and sold as investment contracts. These crypto securities are associated with crypto-related products and services—such as blockchains, “decentralized finance” platforms, and gaming projects—that seek to attract users and growth and that promise returns to holders of the crypto securities. The issuers of these crypto securities and managers of these projects are engaged in a common enterprise that “pools” investments from more than one investor. Investors in these crypto securities purchase the crypto asset expecting profits as a result of the efforts of the issuers and project managers.

8.

For years, Coinbase has made calculated business decisions to make crypto assets available for trading in order to increase its own revenues, which are primarily based on trading fees from customers, even where those assets, as offered and sold, are securities. Coinbase created and operated an exchange for the sale of the unregistered securities; approved the crypto securities listed for trading on its exchange; brought together buyers and sellers of crypto securities; matched and executed their orders; held, managed, debited, and credited investor funds and crypto securities; and promoted and solicited the sale of crypto securities.

9.

The Attorney General began investigating Coinbase’s conduct in 2022. The U.S. Securities and Exchange Commission (the “SEC”) subsequently brought an enforcement action

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

against Coinbase under federal law, which the SEC filed on or about June 6, 2023. In April 2024, the United States District Court for the Southern District of New York denied Coinbase's motion to dismiss, holding that the SEC adequately alleged that the crypto assets at issue in the SEC's complaint were securities. Nonetheless, on or about February 27, 2025, the SEC and Coinbase jointly stipulated to the dismissal, with prejudice, of the SEC's claims against Coinbase. In so doing, the SEC stated that its decision to dismiss the enforcement action was not based "on any assessment of the merits of the claims alleged in the action." That move came just weeks after the SEC reassigned its head litigator, who had overseen the Coinbase case and the agency's other crypto-related enforcement efforts, to its IT department. And earlier this month, former crypto lobbyist Paul Atkins was confirmed to serve as the SEC's new chairman. The Attorney General now brings this enforcement action under Oregon state law arising from the unlawful sale to Oregonians of the crypto assets at issue in the SEC's complaint as well as other crypto assets that are, or have been, sold on the Coinbase platform and which similarly constitute securities within the meaning of the Oregon Securities Law.

10.

Coinbase has for years defied the regulatory structure and requirements established by the Oregon Legislative Assembly to protect Oregon investors. As set forth below, Coinbase has continuously and repeatedly violated the Oregon Securities Law, which ascribes liability to persons who "[s]ell[] or successfully solicit[] the sale of a security . . . in violation of the Oregon Securities Law" (ORS 59.115(1)(a)), as well as to persons who "participate[] or materially aid[] in the sale" (ORS 59.115(3)). At the same time, Coinbase has sought to limit the remedies available to its customers by including arbitration and class action waiver provisions in its User Agreement for the Coinbase Platform.

11.

ORS 59.331 empowers the Attorney General to bring this suit to enforce compliance with, and to enjoin acts that violate, the Oregon Securities Law. The Attorney General seeks,

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

among other things, a fine of $20,000 for each of Coinbase's violations of the Oregon Securities Law, disgorgement of profits Coinbase derived from the sale of unregistered Crypto Securities to Oregonians, and an award of restitution and/or damages on behalf of Oregonians harmed by Coinbase's violations of the Oregon Securities Law.

JURISDICTION AND VENUE

12.

This Court has subject matter jurisdiction over the Oregon Securities Law claims under Article VII, section 9 of the Oregon Constitution.

13.

This Court has personal jurisdiction over each of the defendants under Oregon Rule of Civil Procedure 4 J(1), which provides for personal jurisdiction for any person who sells or offers a security in this state in violation of the Oregon Securities Law, and 4 J(2), which provides for personal jurisdiction for any person who has engaged in conduct prohibited or made actionable under the Oregon Securities Law.

14.

Violations of law, including the violations of Oregon Securities Law complained of herein, occurred in Multnomah County, where Defendants have regularly sustained business activity.

CLAIMS NOT SUBJECT TO REMOVAL FROM STATE COURT

15.

The claims alleged in this complaint are not subject to removal from state court pursuant to the Securities Litigation Uniform Standards Act, 15 USC § 77(p)(d)(2)(A)-(B). This statute preserves state securities enforcement actions in state courts. Moreover, the U.S. Supreme Court has clarified "[t]here is no question that a state is not a citizen for purposes of the diversity jurisdiction." *Moor v. Cnty. of Alameda*, 411 US 493, 717, 93 S Ct 1785, 36 L Ed 2d 596 (1973). Thus, the Circuit Court of the State of Oregon is the appropriate venue.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

PARTIES

16.

Plaintiff State of Oregon is responsible for enforcing consumers' rights and prosecuting violations of the Oregon Securities Law. The Oregon Attorney General has enforcement authority of the Oregon Securities Law. ORS 59.331.

17.

Coinbase, Inc. is a Delaware-incorporated company that was founded in 2012. Coinbase has operated the Coinbase Platform since 2012. In April 2014, Coinbase became a wholly-owned subsidiary of CGI. Coinbase purports to be "a remote-first" company that maintains no principal executive office. Coinbase, Inc. opened an office in Portland, Oregon in 2018 and maintains offices in Oregon.

18.

Coinbase Global, Inc. is a Delaware-incorporated company that was founded in 2014 to operate as a holding company for Coinbase, Inc. CGI's principal asset is its equity interest in Coinbase. Like Coinbase, CGI purports to have no principal place of business and is a "remote-first company." On April 14, 2021, Coinbase Global, Inc. listed its common stock on the Nasdaq Global Select Market under the symbol "COIN."

BACKGROUND

A. Blockchains and Crypto Assets

19.

A blockchain or distributed ledger is a database spread across a network of computers that records transactions in theoretically unchangeable, digitally recorded data packages, referred to as "blocks." These systems typically rely on cryptographic techniques to secure recording of transactions.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

20.

Some crypto assets may be "native tokens" to a particular blockchain—meaning that they are represented on their own blockchain—though other crypto assets that are not native to a given blockchain may also be represented on that same blockchain.

21.

Crypto asset owners typically store the software providing them control over their crypto assets on a piece of hardware or software called a "crypto wallet." Crypto wallets offer a method to store and manage critical information about crypto assets, i.e., cryptographic information necessary to identify and transfer those assets. The primary purpose of a crypto wallet is to store the "public key" and the "private key" associated with a crypto asset so that the user can make transactions on the associated blockchain. The public key is colloquially known as the user's blockchain "address" and can be freely shared with others. The private key is analogous to a password and confers the ability to transfer a crypto asset. Whoever controls the private key controls the crypto asset associated with that key. Crypto wallets can reside on devices that are connected to the internet (sometimes called a "hot wallet"), or on devices that are not connected to the internet (sometimes called a "cold wallet" or "cold storage").

22.

Blockchains typically employ a "consensus mechanism" that, among other things, aims to achieve agreement among users as to a data value or as to the state of the ledger.

23.

A consensus mechanism describes the particular method or "protocol" used by a blockchain to agree on, among other things, which ledger transactions are valid, when and how to update the blockchain, and potentially to compensate certain participants for validating transactions and adding new blocks. The terms of a given blockchain protocol can provide for multiple sources for compensation, including from fees charged to those transacting on the

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

blockchain, or through the creation or "minting" of additional amounts of the blockchain's native crypto asset.

24.

"Proof of work" and "proof of stake" are the two major consensus mechanisms used by blockchains. Proof of work, the mechanism used by the Bitcoin blockchain, "incorporates a cryptography-based competition" in which "[u]sers compete for the right to propose new entries in the ledger using their computers" through "bitcoin mining[.]" "[M]iners generate random, fixed-length codes called hashes," attempting to "beat[] the target hash" by guessing the correct number. The first "miner" to successfully guess this number earns the right to update the blockchain and is rewarded with the blockchain's native crypto asset. Proof of stake, the consensus mechanism currently used on Ethereum, a type of blockchain, involves selecting block validators from crypto asset holders who have committed or "staked" a minimum number of crypto assets.

B. The Offer and Sale of Crypto Assets

25.

Crypto token issuers have offered and sold crypto assets in capital-raising events in exchange for consideration, including but not limited to through so-called "initial coin offerings" or "ICOs," or public "token sales." In some instances, the entities offering or selling the crypto assets may release a "white paper" or other marketing materials describing a project to which the asset relates, the terms of the offering, and any rights associated with the asset.

26.

Some issuers continue to sell the crypto assets after the initial offer and sale, including directly or indirectly by selling them on crypto asset trading platforms.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

C. Crypto Asset Trading Platforms

27.

Crypto asset trading platforms—like the Coinbase Platform, which is described in more detail below—are marketplaces that generally offer a variety of services relating to crypto assets, often including brokerage, trading, and settlement services.

28.

Crypto asset trading platforms allow their customers to purchase and sell crypto assets for fiat currency (legal tender issued by a country) or for other crypto assets. “Off-chain” transactions are tracked in the internal recordkeeping mechanisms of the platform but do not involve transferring crypto assets from one wallet to another, while “on-chain” transactions are recorded on the “public ledger” and involve the transfer of a crypto asset from one blockchain address to another.

29.

Crypto asset trading platforms typically possess and control the crypto assets deposited and/or traded by their customers and, thus, function as a central depository. The customers’ entitlements are then typically tracked and maintained on the crypto asset trading platform’s internal ledgers. The Coinbase Platform does not segregate a customer’s crypto assets from other customers’ or the firm’s assets.

30.

The graphic user interfaces employed by crypto asset trading platforms—such as on websites, mobile apps, or other software—typically emulate and function like traditional securities trading screens: they show order books of the various assets available to trade, and historical trading information like high and low prices, trading volumes, and capitalizations.

31.

However, unlike in traditional securities markets, crypto asset trading platforms (including the Coinbase Platform) typically solicit, accept, and handle customer orders for

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

securities; allow for the interaction and intermediation of multiple bids and offers resulting in purchases and sales; act as an intermediary in making payments or deliveries, or both; and maintain a central securities depository for the settlement of securities transactions. Crypto asset trading platforms also typically perform roles traditionally assigned to broker-dealers in compliant securities markets, including participating or materially aiding in sales executed on the platforms.

D. The Decentralized Autonomous Organization ("DAO") Report

32.

On July 25, 2017, the SEC issued the Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO (the "DAO Report"), advising "those who would use … distributed ledger or blockchain-enabled means for capital raising[] to take appropriate steps to ensure compliance with the U.S. federal securities laws," and finding that the offering of crypto assets at issue in the DAO Report were offerings of securities.

33.

The DAO Report "stress[ed] the obligation to comply with the registration provisions of the federal securities laws with respect to products and platforms involving emerging technologies and new investor interfaces." The DAO Report also found that the trading platforms at issue there "provided users with an electronic system that matched orders from multiple parties to buy and sell [the crypto securities at issue] for execution based on non-discretionary methods" and therefore "appear to have satisfied the criteria" for being an exchange under the Exchange Act.

<u>FACTS</u>

A. Coinbase's Operations and Relationship with Coinbase Global, Inc.

34.

In 2012, Coinbase launched the original version of its trading platform, which, according to Coinbase, allowed "anyone, anywhere [to] be able to easily and securely send and receive

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Bitcoin." Today, the Coinbase Platform has evolved into an expansive online trading platform that allows customers to buy, sell, and trade numerous crypto assets. Publicly, Coinbase refers to its trading platform as an "exchange." In addition to the Coinbase Platform, Coinbase offers a host of other services to customers in the United States and abroad, including Coinbase Wallet, which "enables customers to store and access their crypto-assets on their own computers or mobile devices."

35.

Since at least May 2021, Coinbase has offered Prime, a service Coinbase has marketed to its institutional customers as a "full-service prime brokerage platform with everything that institutions need to execute trades and custody assets at scale." Prime routes orders to the Coinbase Platform and to third-party platforms, thereby providing customers with what Coinbase describes as access "to many of the largest and most liquid exchanges and trading venues in the world – all in one place – via an advanced smart order router and trading platform that make executing your strategies simple."

36.

In addition to facilitating secondary market transactions through crypto asset trading, Coinbase allows issuers to offer crypto assets for sale for the first time and promote them through what the Coinbase formerly called the "Asset Hub." Coinbase described Asset Hub as "a simple, streamlined product for issuers to list their assets and do business with Coinbase" with the goal of providing "a single interface at Coinbase for digital asset issuers to manage the full lifecycle of their assets." Furthermore, Coinbase typically does not limit or restrict the ability of crypto asset issuers or promoters (or their agents) to trade on the Coinbase Platform.

37.

Coinbase described the services it offers as "safe, trusted, easy-to-use technology and financial infrastructure products and services that enable any person or business with an internet connection to discover, transact, and engage with crypto assets and decentralized applications."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

As Coinbase touts on its website, “we offer a trusted and easy-to-use platform for accessing the broader cryptoeconomy.”

38.

The Coinbase Platform and Prime are both available through Coinbase’s website (coinbase.com) and mobile application. Customers can open accounts, deposit funds and crypto assets, enter orders, and trade crypto assets 24 hours a day, seven days a week.

39.

Coinbase claims to service over 108 million customers, including U.S. customers, accounting for billions of dollars in daily trading volume. Today, the Coinbase Platform is one of the largest crypto asset trading platforms in the world and the largest in the United States, with exponential growth in the last few years. Over time, Coinbase has significantly expanded the number of crypto assets available for trading on the Coinbase Platform.

40.

Coinbase generates most of its revenue from transaction fees collected on crypto asset trades made through the Coinbase Platform and Prime. For example, in 2021, Coinbase generated $6.8 billion in “transaction revenue,” out of a total net revenue of $7.3 billion. Likewise, in 2022, Coinbase generated over $2.3 billion in transaction revenue out of a total net revenue of $3.1 billion.

41.

The revenue and expenses generated by Coinbase, Inc. flow up to Coinbase, Inc.’s parent company, CGI. For instance, CGI’s consolidated balance sheets and statements of operations for 2022 include, among other items: funds and crypto assets and liabilities associated with Coinbase, Inc.’s services; total revenue produced by Coinbase, Inc.’s services; Coinbase, Inc.’s technology and development expenses; and Coinbase, Inc.’s sales and marketing expenses.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

42.

Coinbase, Inc. and CGI share the same board of directors and the majority of CGI's executive officers hold the same executive positions at Coinbase, Inc., including Brian Armstrong, who acts as CEO for both Coinbase, Inc. and CGI. Both entities operate through the same website (coinbase.com) and disseminate public information through the same blog, Twitter feed, Facebook page, LinkedIn page, and YouTube channel.

43.

Indeed, in their public statements, Coinbase, Inc. and CGI do not distinguish between themselves. For example, for the year 2022 in its Form 10-K—a comprehensive report filed annually by public companies with the SEC about their financial performance—CGI defines its "Company" to include Coinbase, Inc. and its other consolidated subsidiaries, and its "Business" as offering "a safe, trusted, easy-to-use platform that serves as a gateway to the cryptoeconomy for [its] three customer groups via both custodial and self-custodial solutions: consumers, institutions, and developers." Furthermore, CGI's Form 10-K includes the following statements, among many other similar statements, regarding the nature of its business:

- <u>Account custodian</u>: "We serve as the consumers' primary crypto account, offering both a custodial solution with the Coinbase application and self-custodied solution with Coinbase Wallet."
- <u>Supporting crypto assets</u>: Defining "Supported crypto assets" as "[t]he crypto assets we support for trading and custody on our platform, which include crypto assets for trading and crypto assets under custody."
- <u>Trading platform</u>: "The Coinbase app provides customers a single platform to discover, trade, stake, store, spend, earn, borrow, and use their crypto assets in both our own proprietary and third party product experiences as we enable access to decentralized applications via an integrated web3 wallet."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

- Routing services: "In connection with our Prime trading service, we routinely route customer orders to third-party exchanges or other trading venues."
- Asset integrity: "We have a digital asset support committee that is composed of senior leaders from our product, legal, compliance, finance, and accounting departments. The digital asset support committee reviews the relevant aspects of any asset escalated to it in connection with a listing on our trading platform in accordance with our digital asset support policies and procedures that are designed to mitigate conflicts. Only the digital asset support committee decides which of these escalated assets we can and cannot list on our platform, and it does not coordinate such decisions with anyone outside of the committee."

44.

Finally, CGI's Code of Business Conduct & Ethics (also found on coinbase.com) governs CGI as well as Coinbase, Inc. and refers to both collectively as "Coinbase," the "Company," "we," or "our."

B. Through the Coinbase Platform, Coinbase Participates or Materially Aids in the Sale of Crypto Assets that are Unregistered Securities

45.

For years, Coinbase has facilitated and solicited the purchase of crypto asset securities available for trading on the Coinbase Platform (as demonstrated in Section C below), including through the following conduct:

1. Coinbase Solicits Customers and Purchases of Crypto Assets and Facilitates Trading.

46.

Coinbase regularly solicits customers by advertising on its website and social media the features of the Coinbase Platform, Prime, and Wallet—especially those that allow customers to trade in crypto assets. Coinbase facilitates trading in crypto assets by assisting customers in

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

opening and using trading accounts, handling customer funds and crypto assets, and routing and handling customer orders.

47.

On its website, Coinbase markets itself as “the most trusted place for people and businesses to buy, sell, and use crypto” while touting the advantages of trading on the Coinbase Platform. For instance, Coinbase’s website (coinbase.com) advertises that the Coinbase Platform “make[s] it easy” to “simply and securely buy, sell, and manage hundreds of cryptocurrencies” and that “Coinbase Wallet supports hundreds of thousands of coins and a whole world of decentralized apps” allowing one to “use [their crypto] how and where [they]’d like.”

48.

In addition, Coinbase uses the Coinbase blog and its Twitter account—which has over six million followers—to announce when Coinbase first makes a crypto asset available for trading through the Coinbase Platform. For example, on or about March 19, 2021, Coinbase announced on its blog that crypto asset “Cardano (ADA) is now available on Coinbase,” and stated that “customers can now buy, sell, convert, send, receive, or store ADA.” The blog post included a link to an “informational asset page[]” for Cardano and instructions for opening a Coinbase account. As of March 2025, the page for Cardano (ADA) on Coinbase’s website included a price chart, “market stats” including various price “performance” metrics and metrics such as “typical hold time,” “highlights” with information about what “Bulls” and “Bears” say about the token, information about Cardano, such as links to its official website and white paper, and information about buying and storing Cardano on Coinbase. The page also included a list of “Related Assets,” “Trending articles,” “Popular cryptocurrencies,” and frequently asked questions (“FAQs”) about Cardano, and Coinbase discussed Cardano and other crypto investments in a “Coinbase Bytes” article titled “Whale street: How big-money institutional investors are preparing for the next bull run.” Coinbase similarly promotes other crypto assets listed for trading on the Coinbase Platform.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

49.

Coinbase spends hundreds of millions of dollars a year on marketing and sales to recruit new investors and retain existing ones. According to CGI's 2022 Form 10-K filing, Coinbase's "success depends on our ability to retain existing customers and attract new customers, including developers, to increase engagement with our products, services, and platform." To that end, the Coinbase website is replete with links to open a Coinbase account as well as advertisements marketing monetary incentives and promotions, aimed at attracting more investors to the Coinbase Platform, such as: "[s]uccessfully complete short crypto courses for free crypto"; "Get up to $400 in rewards with Coinbase"; and "[s]tart your portfolio today and get up to $200 in crypto[.]"

50.

Coinbase works closely with crypto issuers to list their tokens on the Coinbase Platform and promote them, facilitating their sale to the public. As noted above, Coinbase has allowed issuers to offer crypto assets for sale for the first time and promote them through what Coinbase formerly called the "Asset Hub." Coinbase described Asset Hub as "a simple, streamlined product for issuers to list their assets and do business with Coinbase" with the goal of providing "a single interface at Coinbase for digital asset issuers to manage the full lifecycle of their assets."

51.

Coinbase has also reportedly demanded substantial fees from issuers to list their crypto tokens on the Coinbase Platform. For example, a Ripple executive testified that Coinbase demanded $5 million to list Ripple's XRP token, and other crypto issuers have said that Coinbase demanded large sums to list their tokens.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

52.

Coinbase also provides financial incentives to users to purchase and sell crypto assets. For example, it offers lower trading fees to users with high trade volumes, and rewards to users who refer new customers who purchase crypto assets.

53.

Coinbase also has a feature called “Earn” where users receive crypto securities in exchange for watching advertisements promoting the projects associated with those securities. Coinbase explained the “Earn” program in its public disclosures as follows: “We provide asset issuers with a platform to engage with our users through education videos and tasks where users can earn crypto assets that they learned about. We earn a commission based on the amount of crypto assets distributed to our users.” Thus, projects that have issued crypto securities have agreed to pay Coinbase a commission to promote and distribute their securities to Coinbase users, using “education videos” created by or at the direction of the projects, in order to encourage those investors to buy those securities. Coinbase has promoted crypto securities including COMP and NEAR through this program, in addition to other tokens not at issue in this lawsuit.

54.

Coinbase holds itself out as providing brokerage services. For example, Coinbase markets Prime as a “[a] full-service prime brokerage platform with everything that institutions need to execute trades and custody assets at scale.” According to Coinbase’s website, Prime “delivers an institutional-grade trading platform that aggregates multi-venue liquidity, empowers advanced trading strategies, and helps you deploy capital at scale.” Coinbase provides Prime users with the ability to view a pricing feed that aggregates prices from the Coinbase Platform and third-party trading venues (which Coinbase anonymizes, e.g., “Exchange A” or “Exchange B”) and allows users to select from a number of order types they can utilize to submit orders through Prime to those venues. Coinbase also provides analytics and promotes them as a

COHEN MILSTEIN SELLERS
& TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

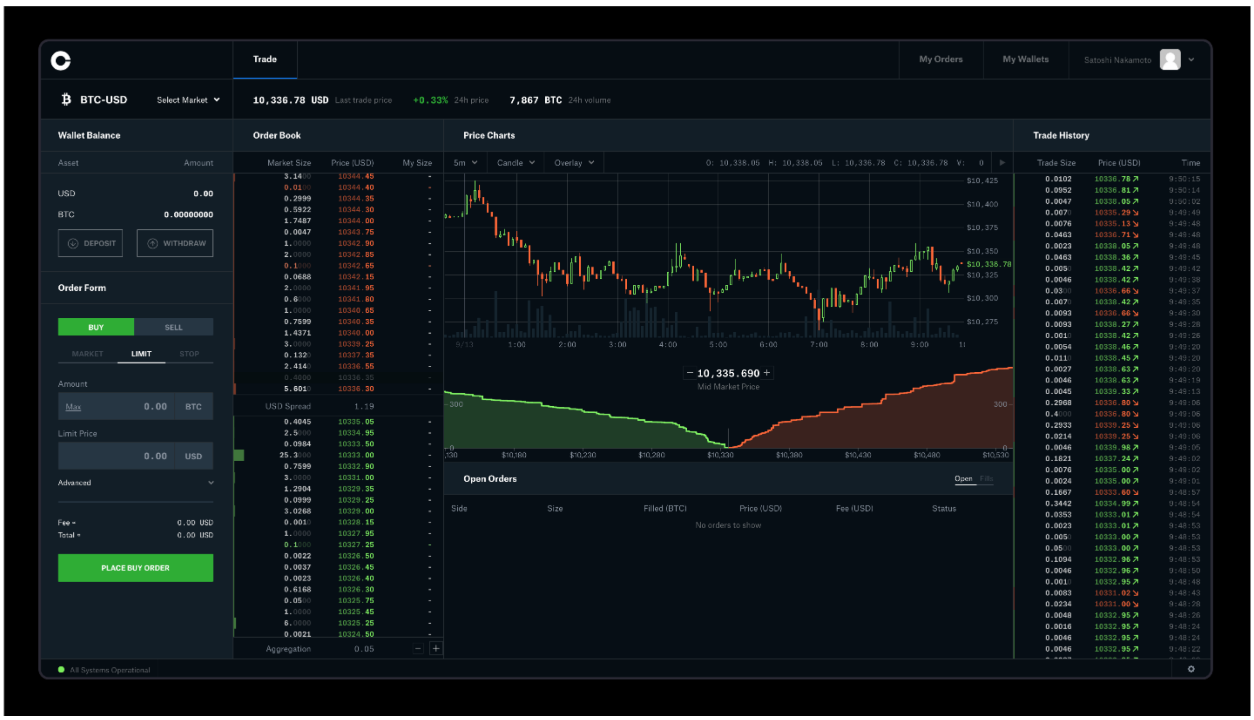
KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

"comprehensive analytics toolkit built to meet the needs of sophisticated investors and market participants." For instance, Coinbase advertises its "agency trading desk," which "provide[s] insight into the market environment, liquidity characteristics, and trading activity in order to help you plan or execute your trade."

2. Through the Coinbase Platform, Coinbase Maintains and Provides a Marketplace and Facilities for Trading Crypto Assets.

55.

According to Coinbase's website, the Coinbase Platform allows customers to "buy, sell, and spend crypto on the world's most trusted crypto exchange." The Coinbase Platform displays current and historical pricing information and other information relevant for trading crypto assets:



56.

Coinbase allows multiple buyers and sellers to enter orders (any firm indication of a willingness to buy or sell an asset, as either principal or agent, including any bid or offer quotation, market order, limit order, or other priced order) for crypto assets into the Coinbase

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Platform. Buyers and sellers can enter orders for crypto assets in any available "trading pair," which typically involves two crypto assets that can be exchanged directly for each other using their relative price, or a crypto asset exchanged for a fiat currency.

57.

The Coinbase User Agreement states that Coinbase acts as "the agent," transacting on the customers' behalf, to "facilitate" the sale of crypto assets.

58.

A subpage within the Coinbase website called "Explore" leads customers to a list of "Crypto prices" for crypto assets. A customer that selects the filter "Tradable" on this page can consolidate this list (by removing those assets only available through Wallet) into the crypto assets available for "trade" on the Coinbase Platform (the "Trading Page"). The Trading Page provides customers with the current price of each crypto asset in U.S. dollars (or other fiat currencies), the current "Market cap," traded volume for that asset over the past 24 hour period, and circulating supply of the crypto asset, as well as the option to view historical data for each asset (by previous hour, day, week, month, or year) in the form of price trends represented by a graph and the percentage change in price of the asset during the chosen period.

59.

The crypto assets on the Trading Page appear by full name and ticker symbol and are displayed in descending order from largest to smallest based on "Market cap" (or market capitalization—purportedly measured by the total supply of a crypto asset available in the secondary market multiplied by its price, as in markets for traditional equity securities). Below is

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

an example of how crypto assets, including crypto asset securities as set forth in Section C below, have been displayed on the user interface of the Trading Page of Coinbase's website:

Crypto prices 259 assets

USD 1D

All assets | Tradable | Gainers | Losers

Name	Price	Chart	Change	Market cap	Volume (24h)	Supply	Trade
☆ Cardano ADA	$0.37		↘1.55%	$12.8B	$225.1M	34.9B	Trade
☆ Chiliz CHZ	$0.10		↘4.21%	$731.7M	$33.2M	7.0B	Trade
☆ Solana SOL	$20.32		↘2.96%	$8.0B	$317.4M	395.8M	Trade
☆ Axie Infinity AXS	$6.98		↘5.05%	$814.6M	$123.4M	117.0M	Trade
☆ Filecoin FIL	$4.43		↘3.16%	$1.9B	$180.8M	425.8M	Trade
☆ Internet Computer ICP	$5.19		↘3.73%	$2.3B	$19.5M	436.3M	Trade
☆ Flow FLOW	$0.76		↘4.27%	$791.6M	$13.4M	1.0B	Trade
☆ NEAR Protocol NEAR	$1.64		↘4.33%	$1.5B	$56.3M	906.1M	Trade
☆ Polygon MATIC	$0.85		↘2.89%	$7.9B	$365.4M	9.3B	Trade
☆ Voyager Token VGX	$0.14		↘0.29%	$40.9M	$5.9M	278.5M	Trade
☆ The Sandbox SAND	$0.52		↘3.29%	$932.5M	$69.5M	1.9B	Trade
☆ Dash DASH	$41.64		↗0.92%	$468.8M	$53.2M	11.3M	Trade

60.

Upon clicking the "Trade" button associated with a crypto asset, and logging in to an account with the Coinbase Platform, customers can view their account balances, and the Coinbase Platform provides fields for customers to enter orders in any available trading pair—including the ability to trade with other customers for the crypto asset selected from the Trading Page.

61.

On the Coinbase Platform, customers can place various types of buy and sell orders, including: (1) a market order (i.e., an order to buy or sell a specified quantity of a crypto asset at the current best available market price); (2) a limit order (i.e., an order to buy or sell a specified quantity of a crypto asset at a specified price or better); or (3) a stop limit order (i.e., an

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

instruction to post an order to buy or sell a specified quantity of a crypto asset but only if and when the best price quotation reaches or passes the selected stop price). Once placed, these orders appear on Coinbase's order book.

62.

Coinbase provides a trading facility through the electronic automated matching engine that it operates on the Coinbase Platform. According to the "Trading Rules" Coinbase publishes on its website, the matching engine is programmed with rules that determine how orders will interact and how the users entering such orders agree to the terms of a trade.

3. Coinbase Settles Customers' Trades

63.

After the matching engine matches orders between customers trading on the Coinbase Platform, Coinbase's Trading Rules state that Coinbase settles the transaction immediately by making corresponding debits and credits in each customer's account on the internal ledgers it maintains to track customers' balances in crypto assets and fiat currency. According to Coinbase, these debits and credits occur "off-chain," meaning the transaction is recorded on Coinbase's internal ledgers, not on any blockchain.

4. Coinbase Charges Fees on Executed Trades

64.

Coinbase charges fees for trades executed through the Coinbase Platform and Prime. For trades on the Coinbase Platform, the fee is either a percentage of the order quantity ranging up to 0.60%, or a flat fee based upon the value of the trade. Coinbase charges transaction-based fees for its Prime order routing and execution services, with customers having the option of a single all-in fee or a "[t]ransparent, flat commission in addition to pass-through exchange fees."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

5. Coinbase Offers and Promotes Its Staking Program as an Additional Inducement to Purchase Eligible Crypto Securities

65.

Another way in which Coinbase solicits the sale of certain Crypto Securities is through its promotion of a crypto asset staking program (the "Staking Program"). The Staking Program allows investors to realize financial returns by transferring crypto assets to Coinbase's possession and control. Coinbase pools the crypto assets investors transfer to it and "stakes" (i.e., commits) them in exchange for rewards. Investors who participate in the Staking Program retain full ownership of the crypto assets they transfer to Coinbase and may unstake their assets at any time.

66.

Coinbase has operated its Staking Program since in or about November 2019. Any investor who purchases staking-eligible crypto assets on the Coinbase Platform may participate in Coinbase's Staking Program. As of March 20, 2025, Coinbase permitted investors to stake SOL, ADA, AVAX, ATOM, and MATIC, as well as other tokens not at issue in this lawsuit. Investors reasonably view the opportunity to participate in and earn yields form Coinbase's Staking Program as a benefit of purchasing staking-eligible crypto assets through the Coinbase Platform.

67.

Staking allows investors to participate in, and profit from, the reward structure of the proof-of-stake mechanisms that some blockchains use to determine whether a transaction on the blockchain is valid and to update the blockchain accordingly. The blockchain selects a "validator" from among holders of the blockchain's native token who have staked, or committed, their tokens for this purpose. Stakers may commit a set amount of the token, which are held as collateral to incentivize validators to perform required functions. Validators are rewarded with additional tokens for participating in consensus activities such as proposing new blocks and voting on proposed blocks of transactions for the blockchain.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

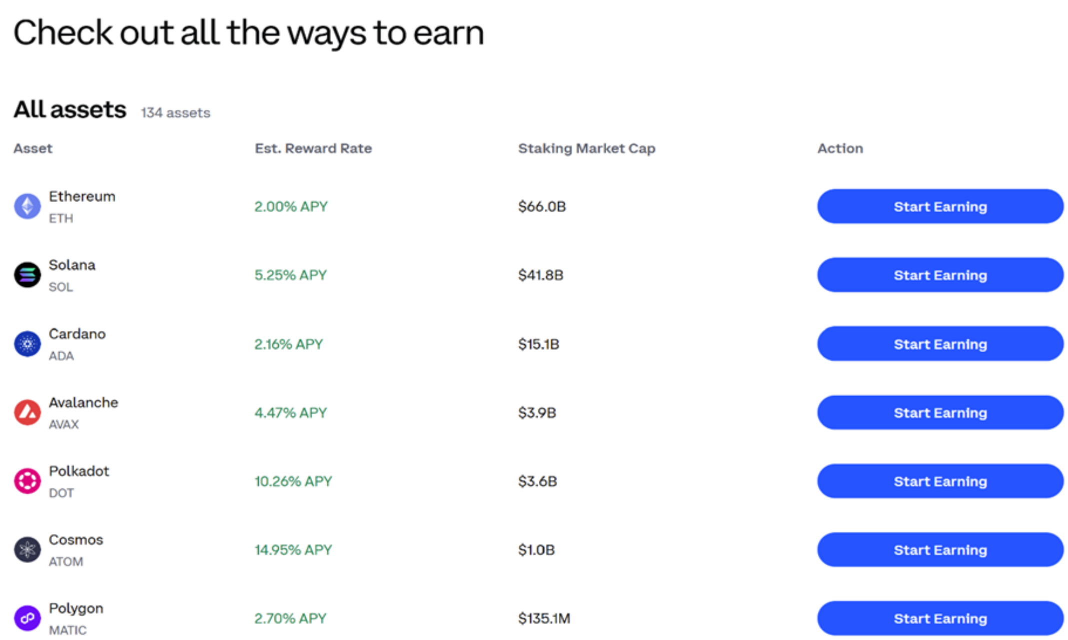
KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

68.

A blockchain protocol selects a validator in part based on the number of tokens a holder stakes and the amount of server downtime the holder exhibits. A holder who stakes more tokens and has better computer resources, and therefore exhibits less server downtime, is more likely to be selected as a validator. By pooling crypto assets and taking advantage of Coinbase's significant computer resources, the Staking Program allows investors to obtain returns in the form of staking rewards that may not be available to those investors if they were to stake crypto assets on their own.

69.

Coinbase promotes the Staking Program as an opportunity for investors who purchase staking-eligible crypto assets through the Coinbase Platform to profit from the assets they purchase. For example, on its website, Coinbase states that it "offers staking as a way of earning rewards" and advertises the Staking Program as a "simple and secure" way for Coinbase customers "to earn in crypto." Indeed, Coinbase advertises specific annual percentage yield rates as the "[e]st[imated] [r]eward [r]ate" for each staking-eligible crypto, as depicted in the following screenshot from Coinbase's website:


Check out all the ways to earn

All assets 134 assets

Asset	Est. Reward Rate	Staking Market Cap	Action
Ethereum ETH	2.00% APY	$66.0B	Start Earning
Solana SOL	5.25% APY	$41.8B	Start Earning
Cardano ADA	2.16% APY	$15.1B	Start Earning
Avalanche AVAX	4.47% APY	$3.9B	Start Earning
Polkadot DOT	10.26% APY	$3.6B	Start Earning
Cosmos ATOM	14.95% APY	$1.0B	Start Earning
Polygon MATIC	2.70% APY	$135.1M	Start Earning

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

70.

The Staking Program serves as an inducement for investors to purchase staking-eligible crypto assets, including several of the Crypto Securities at issue in this lawsuit, on the Coinbase Platform. In addition to expecting to profit from the efforts of the managers behind the blockchains associated with staked tokens (as explained below), investors in SOL, ADA, and MATIC who participate in Coinbase's Staking Program also reasonably expect to profit from Coinbase's efforts in managing the Staking Program.

C. Coinbase Has Made Unregistered Securities Available for Trading

71.

Coinbase—through the Coinbase Platform and Prime—has made available for trading in Oregon crypto assets that are offered and sold as investment contracts, and thus as securities. This includes, but is not limited to, the units of each of the crypto securities further described below with trading symbols AAVE, ADA, ALGO, AMP, APE, ATOM, AVAX, AXS, CHZ, COMP, DASH, DDX, EOS, FIL, FLOW, ICP, LCX, LINK, MATIC, MIR, MKR, NEAR, POWR, RLY, SAND, SOL, UNI, VGX, wLUNA, XRP, and XYO (the "Crypto Securities"). Through the conduct described above in Sections A and B and as described further below, Coinbase has participated or materially aided in the purchase or sale of unregistered Crypto Securities by Oregon customers.

72.

The crypto assets on the Coinbase Platform, or made available through Prime, including but not limited to each of the Crypto Securities, may be bought, sold, or traded for consideration, including U.S. dollars, fiat currencies, or other crypto assets.

73.

Each unit of a particular crypto asset on the Coinbase Platform, or made available through Prime, including but not limited to each of the Crypto Securities, trades at the same price as another unit of that same asset.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

74.

These assets, including but not limited to each of the Crypto Securities, are interchangeable (e.g., any crypto asset or fraction thereof is just like any other). Accordingly, to the extent the assets change in price, all tokens of the same asset increase or decrease in price in the same amounts and to the same extent, such that one token is equal in value to any other one token, on a pro rata basis.

75.

The purchase of any particular asset, including but not limited to each of the Crypto Securities, does not appear to give an investor any special rights not available to any other investor in that asset, such as separately managed accounts, or different capital appreciation as to the value of the crypto assets that other investors in the same assets hold.

76.

The crypto assets on the Coinbase Platform, including but not limited to each of the Crypto Securities, are available for sale broadly to any person who creates an account with Coinbase, and Coinbase's website displays information (like asset price changes) in a format highly similar to trading platforms offered by registered broker-dealers in the traditional securities markets, who permit investors to transact in securities. Coinbase makes these crypto assets available for trading without restricting transactions to those who might acquire or treat the asset as anything other than as an investment.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

77.

For example, the below page on Coinbase's website provides price movement and other "Market Stats" for ADA (Cardano):

Market Stats

MARKET CAP
$25,508,030,905.38

FDV
$32,577,493,870.61

CIRCULATING SUPPLY
35,234,797,228.451 ADA

MAX SUPPLY
45,000,000,000 ADA

TOTAL SUPPLY
44,994,936,166.533 ADA

HOLD TIME
No data

Performance

POPULARITY
#9

DOMINANCE
0.96%

VOLUME (24H)
$829,782,229.14 ↗ 0.09%

ALL TIME HIGH
$3.10

Networks and details

The price of Cardano has increased by 0.54% in the last hour and increased by 2.55% in the past 24 hours. Cardano's price has also risen by 7.07% in the past week. The current price is $0.72 per ADA with a 24-hour trading volume of $829.782M. Currently, Cardano is valued at 76.70% below its all time high of $3.10. This all-time high was the highest price paid for Cardano since its launch.

The current circulating supply of Cardano is 35,234,797,228.451 ADA which means that Cardano has as total market cap of $25,508,030,905.38.

ADA: No contract address available;

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

78.

Coinbase customers can access the page for ADA and other asset-specific pages from the "Explore" page on Coinbase's website; they simply click on the name of a particular crypto asset and are redirected to a page where Coinbase provides additional information about that crypto asset. The information on each asset-specific page is typically provided by an identifiable set of asset promoters and/or developers, and it includes, but is not limited to: (i) the persons who "developed," "launched," or "created" the crypto asset; (ii) links to any "white paper" for the asset's original or ongoing sales; (iii) links to the "website" associated with the asset and its developers or creators; (iv) a compendium of public statements (including on social media) about the asset by its developers or creators and additional information about the asset and its creators that may be available such as the issuer's homepage; (v) information about whether market participants are "bearish," "neutral," or "bullish" about the asset (referring to terms typically associated with whether an investor thinks the price of securities such as stocks are going to go down, stay the same, or go up); (vi) historical information about the "price" of the asset including its "all-time high" price and the "price change" over the last seven days stated as a percentage return on investment; and (vii) "detailed instructions" for "how to buy" the asset on the Coinbase Platform.

79.

Coinbase does not restrict how many units of a crypto asset, including but not limited to each of the crypto asset securities, any given investor may purchase. Moreover, investors are not required to purchase quantities tied to a purported non-investment "use" that may exist for the asset, if any. To the contrary, investors may purchase these assets in any amount.

80.

The assets available for sale on the Coinbase Platform, and through Prime, including but not limited to each of the Crypto Securities, are transferable and immediately eligible for resale on the Coinbase Platform, Wallet, or other crypto asset trading platforms without any apparent

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

restrictions on resale (including as to the prices or amounts of resale, or the identity of the new buyers).

81.

The crypto assets Coinbase has made available for trading on the Coinbase Platform, and through Prime, include crypto securities that have been the subject of prior SEC enforcement actions. Federal courts have previously held that certain of the Crypto Securities at issue in this action are securities for purposes of federal securities law.

82.

Each time these Crypto Securities were offered and sold on Coinbase's platform, they were offered and sold as investment contracts with Coinbase's participation or material aid. ORS 59.115(1-3). For each of the Crypto Securities, statements by the issuers and Coinbase have led Oregon investors reasonably to expect profits based on the management and control efforts of others, including issuers, promoters, and associated third persons. This was Oregon investors' reasonable expectation when they acquired the Crypto Securities on the Coinbase Platform (or through Prime).

1. AAVE

83.

Aave is a platform that allows users to lend, borrow, and earn interest on crypto assets. AAVE is the governance token for the Aave platform. AAVE has been available for trading on the Coinbase Platform since approximately December 14, 2020.

84.

Aave was founded in 2017 by Stani Kulechov. The business, originally named ETHLend, raised $16.2 million in an initial coin offering (ICO) in 2017, during which time it sold 1 billion units of its AAVE cryptocurrency—originally named LEND. According to an ETHLend white paper, 300 million LEND were "held for development fund to incentivise the development team and to recruit more talent for ETHLend," aligning the fortunes of Aave's managers and

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

developers with investors'. The white paper further stated: "The aim of the token sale is to provide a discounted participation for the early adopters of the global peer-to-peer lending market and further develop the global scale decentralized lending market. To provide a functional lending market to such extent, early adopters are required. By purchasing LEND, the early adopters receives [*sic*] a discounted price for using the decentralized lending platform." The LEND cryptocurrency migrated to AAVE at a rate of 100 LEND tokens to 1 AAVE, with a total supply of 16 million AAVE. ETHLend was different from Aave in that, instead of pooling funds, it tried to match lenders and borrowers in a peer-to-peer fashion. In 2018, ETHLend was renamed Aave, which means "ghost" in Finnish. ETHLend became a subsidiary of Aave.

85.

Kulechov's LinkedIn profile describes him as "Founder & CEO" of "Avara," which in turn describes itself as a London-based entity that "created" Aave. Avara's website describes "Aave Labs" as being "Developers of the Aave Protocol, and media articles refer to Aave Labs as being a subsidiary of Avara." In public statements, Kulechov has identified himself as part of Aave Labs, and media articles refer to him as founder and CEO of Aave Labs. Aave also purports to have a degree of decentralized governance through its "DAO," through which Aave holders can participate in proposing, discussing, and voting on Aave governance matters. Aave Labs is a leading contributor to governance proposals in Aave's governance forum.

86.

Aave features lending pools that enable users to lend or borrow a variety of different crypto assets, including ETH, BAT, and MANA. Lenders deposit crypto assets they wish to lend, which are then collected into a liquidity pool. Borrowers may then draw from those pools when they take out a loan. As with other so-called "decentralized" lending platforms, Aave borrowers must post collateral before they can borrow. Lenders who supply liquidity receive interest paid by the borrowers, while the Aave platform itself also earns fees from the interest paid by borrowers, with these fees going to the "Aave Treasury." As of June 2024, the Aave platform

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

had more than $20 billion dollars of deposits and was reportedly generating more than $115 million in annualized revenue.

87.

AAVE investors reasonably expected profits from the efforts of Aave's managers, including Aave Labs and Kulechov, to grow and develop the Aave platform. As noted above, the Aave platform collects fees from interest paid by borrowers. Aave has publicly touted this fact and the amount of revenue it earns, including on the "FAQ" page of its website and in statements made by Aave's leadership. Aave has frequently posted public updates about the Aave platform's development and expansion plans and achievements, including on its blog and X accounts. For example:

- In June 2024, Kulechov announced on the social media platform X (where he has more than 250,000 followers) that "Aave DAO is now earning $115 million annualized. Let that sink in," a statement that was further broadcasted by crypto news platforms.
- When Aave launched its own collateralized stablecoin (a cryptocurrency that aims to be pegged to a fiat currency such as the U.S. dollar) called GHO, it publicly stated that the move would "generate additional revenue for the Aave DAO by sending 100% of interest payments on GHO borrows to the DAO."
- In March 2025, Aave Labs and Avara announced "Horizon, a new initiative building institutional DeFi [decentralized finance] products." Aave elaborated, "Horizon's first product will enable institutions to use tokenized money market funds (MMFs) as collateral to access [crypto] stablecoin liquidity. . . . The goal is to position the Aave ecosystem as the preferred liquidity and infrastructure layer for institutional DeFi and as a leader in the real-world assets (RWAs) space. . . . As traditional finance and DeFi converge, Horizon will broaden institutional access to onchain capital, accelerating the adoption of Aave and enabling

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

borrowing against RWAs at scale." Similarly, in a March 2025 LinkedIn Post promoting Horizon, Kulechov described Horizon as "our new initiative at Aave Labs focused on building institutional DeFi products," touting, "Now, through Horizon, we're bringing Aave's tech to institutions and moving closer to becoming a pillar of global finance.

88.

The AAVE token also offers holders several benefits that would further lead AAVE investors to reasonably expect to profit from Aave's operation and growth. AAVE holders may participate in governance and vote on changes to Aave's business, a benefit that becomes more valuable as the Aave platform grows in size and revenue. For example, AAVE holders can vote on Aave Improvement Proposals (AIPS) that expand the platform's lending capacity and thus the value of the AAVE token. Borrowers who use AAVE as collateral on the Aave platform get a discount on fees, and can borrow larger amounts. AAVE owners can further look at loans before they are released to the general public if they pay a fee in AAVE. Aave also features what it calls a "Safety Module," where participants can stake their AAVE to act as insurance in case of a liquidity deficit. Doing so earns stakers more AAVE tokens, along with a percentage of the protocol fees. Moreover, as Aave states, "AAVE tokens can be supplied to liquidity pools within the Aave Protocol, or external pools such as decentralised exchanges, allowing users to earn yield." AAVE investors have also had a reasonable expectation of profit from the possibility that Aave might distribute transaction fees for loans executed on its platform to AAVE holders, similar to a dividend, or repurchase AAVE tokens on the open market and distribute them to holders of AAVE. These possibilities have been proposed and discussed on multiple occasions in Aave's governance forum, with crypto news sources reporting on the proposals and noting the substantial revenues Aave generates. Indeed, in March 2025, Kulechov publicized one such proposal on the social media site X, announcing a "New Aavenomics update" and calling the proposal a "Fee Switch on steroids," meaning a governance change that would effectively

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

redirect significant fees earned by Aave to AAVE holders. In addition, AAVE's finite supply further contributes to AAVE investors' reasonable expectation of profit.

89.

Coinbase has advertised that AAVE's "unique selling points include the ability to lend and borrow in a variety of cryptocurrencies, offering users a variety of choices," and that it "allows borrowers to switch between fixed and variable interest rates, providing flexibility based on market conditions."

90.

AAVE peaked at a price of approximately $661.69 per token and a market capitalization of approximately $8.0 billion on May 18, 2021. As of April 15, 2025, it traded at around $135.28, with a market capitalization of $2.0 billion—reflecting a price drop of approximately 79% and a loss of approximately $6.3 billion in market value.[3]

2. ADA

91.

"ADA" is the native token of the Cardano blockchain. ADA can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms. According to statements by Coinbase, ADA has been available for trading on the Coinbase Platform since approximately March 2021.

92.

Ethereum co-founder Charles Hoskinson and an Ethereum operations manager Jeremy Wood created the Cardano blockchain in 2015. According to Cardano's website, the Cardano blockchain protocol is built on its own proof-of-stake consensus protocol called Ouroboros, which is purportedly energy efficient. Hoskinson and Wood created ADA and purported to limit the supply of ADA to 45 billion. From 2015 to 2017, Input Output Hong Kong ("IOHK"), a

[3] Throughout this complaint, information regarding token prices and market capitalization was obtained from CoinGecko (https://www.coingecko.com/).

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

company founded by Hoskinson and Wood, sold approximately 25.9 billion ADA in exchange for bitcoin, at what equates to an average price of $0.0024 per token. This sale raised approximately $62 million for Cardano.

93.

Today, three entities are responsible for Cardano: (1) the Cardano Foundation, a Swiss entity that is the legal custodian of the Cardano protocol and owner of its brand; (2) IOHK, an engineering company controlled by Hoskinson and Wood responsible for designing, building, and maintaining the Cardano blockchain; and (3) Emurgo, an entity with offices in New York and California that, according to its website, is "essentially the for-profit arm of Cardano," and, according to its website, "provides products and services to drive the adoption of Cardano's Web3 ecosystem" endeavoring "to advance the platform and drive adoption through commercial ventures." Cardano's website explains that "IOHK develops the technology, the Cardano Foundation is responsible for supervising development and promoting Cardano, while Emurgo drives commercial adoptions." These three entities collectively received 5.2 billion ADA following the initial mining of ADA, or approximately 16.7% of the initial token supply of 31.1 billion ADA.

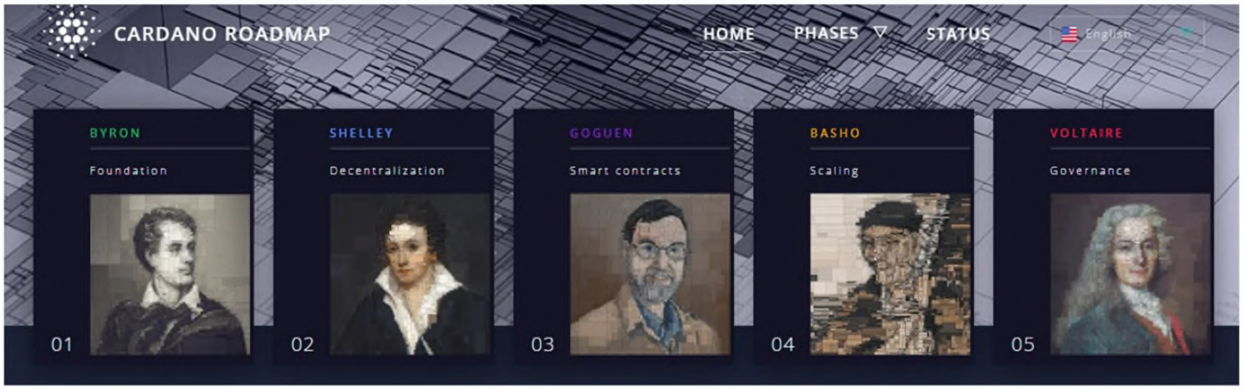
94.

The Cardano Foundation, IOHK, and Emurgo used the proceeds from ADA sales to fund the development, marketing, business operations, and growth of the Cardano protocol. For example, investor funds were used to enact the Cardano Roadmap created by IOHK—

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

specifically, to develop each of the Cardano development "eras" as shown in the following screenshot from the Cardano website:



95.

Based on the information publicly disseminated by Cardano, IOHK, and Emurgo—including since the initial sales of ADA—ADA holders, including Oregonians who purchased ADA in or after March 2021, reasonably viewed ADA as an investment in and expect to profit from the Cardano Foundation's, IOHK's, and Emurgo's efforts to grow the Cardano platform, which, in turn, would increase the demand for and the value of ADA.

96.

In public statements on Twitter and other social media, as well as on their respective websites, including statements made and available after ADA became available to trade on the Coinbase Platform, the Cardano Foundation, IOHK, and Emurgo have described their expertise in developing blockchain networks and the efforts they have made and will continue to make to develop the Cardano protocol and blockchain and attract users to the technology. Such statements include, for example: (a) a blog post by IOHK in or around September 2021 about the deployment of smart contracts capabilities on the protocol, which supposedly would "enable[e] a host of new use cases for decentralized applications"; (b) a blog post by IOHK in or around November 2022 describing its efforts to introduce "innovations, new functionality, and new features" to the blockchain; (c) posts on Twitter by the Cardano Foundation touting ADA's

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

listing on various cryptocurrencies exchanges; (d) a blog post by IOHK on or around November 17, 2022 extolling that ADA could be traded "on more than 30 cryptocurrency exchanges," and describing IOHK's plans to "improv[e] the underlying performance of the Cardano network to better support growth and adoption of thousands of applications with high transaction volumes"; and (e) a blog post by Cardano in January 2025 describing Cardano's "evolution into a community-governed blockchain platform" and its "aim[] to support billions of users by 2030" by improving "usability" to "drive widespread adoption" of the blockchain.

97.

Coinbase has promoted ADA as an investment. When Coinbase listed ADA for trading, Coinbase promot[ed] the listing on its website. Coinbase maintains an information page about ADA, including a "Cardano news" section highlighting "[t]rending articles" regarding Cardano and ADA. For example, in October 2024, Coinbase's information page included an excerpt from a Coinbase article called "Whale street: How big-money institutional investors are preparing for the next bull run," which featured the following statement:

> As crypto markets have risen from their slumber this year, institutional investors from Wall Street, Silicon Valley, and beyond are paying attention. Major firms are increasing their investments in crypto, crypto-oriented venture funds are busy raising and deploying capital, and many of the world's biggest banks are exploring blockchain-native financial products like tokenized treasuries and loans. *Institutions are showing rising enthusiasm for altcoins, with investment in products focused on Cardano ($0.5 million) growing last week* [emphasis added].

98.

In March 2025, Coinbase highlighted a BeInCrypto article stating that, "[d]espite a 16.8% decline, *Cardano traders remain bullish* as key indicators suggest a recovery." [Emphasis added.] The same webpage also highlighted "potential use cases for ADA," claiming that "Cardano's supports a wide range of use cases," noting that "a the platform has been used by agricultural companies to ensure transparency in the supply chain, tracking produce from field to table," and "[e]ducational institutions have leveraged Cardano's blockchain network to store credentials in a tamper-proof system, while retailers use it to combat counterfeit goods." The

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

webpage further proclaims that “[t]he introduction of smart contracts with the Alonzo upgrade has expanded Cardano’s potential into areas like DeFi and NFT marketplaces” and that Cardano’s “goal to process high volume transactions quickly and efficiently makes Cardano a potential choice for developers aiming to build innovative digital assets and applications.”

99.

Coinbase’s webpage about ADA also includes “Analysis” featuring what “Bulls say” and what “Bears say,” with the “bull” case for investing in ADA emphasizing Cardano’s “significant” 2023 updates which “demonstrat[e] their desire to innovate and add new functionalities to the network.” Coinbase also promoted the “recent update” that “allows Ethereum application developers to build on Cardano’s network without the need to install new toolkits or learn a new computer language, expanding the ecosystem’s usefulness.”

100.

ADA peaked at a price of approximately $3.09 per token and a market capitalization of approximately $95.0 billion on September 2, 2021. As of April 15, 2025, it traded at around $0.62 with a market capitalization of approximately $22.3 billion—reflecting a price drop of about 80% and a loss of approximately $72.6 billion in market value.

3. ALGO

101.

“ALGO” is the native token of the Algorand blockchain. ALGO was listed for trading on the Coinbase Platform in or around July 2020.

102.

Algorand is a blockchain protocol founded by Silvio Micali. The Algorand blockchain uses a consensus algorithm it calls “pure proof-of-stake,” in which each user’s ability to influence the choice of a new block is proportional to its stake (number of tokens) in the system. Because ALGO is the native token of the Algorand blockchain, those utilizing the Algorand

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

blockchain need to hold (and potentially stake) certain amounts of ALGO. ALGO has a maximum supply of 10 billion, which were minted at the launch of the Algorand network.

103.

The Algorand Foundation Ltd. (the "Algorand Foundation") conducted an initial ALGO token sale on or about June 19, 2019, selling 25 million tokens at $2.40 per ALGO, raising approximately $60 million. In advance of the token sale, the Algorand Foundation promoted the token sale on Twitter and included a link to its website.

104.

The Algorand Foundation promoted the June 19, 2019 token sale in part with a refund policy that allowed ALGO investors to return the ALGO to the Algorand Foundation later at 90% of the original purchase price. The Algorand Foundation explained the economic rationale behind the refund policy by noting its own belief in and commitment to the value of ALGO: "The Algorand Foundation believes in the underlying value of the Algorand blockchain, the Algo, and the potential of the borderless economy. Our goal is to invest in the growth, sustainability and performance of that economy."

105.

In other words, in promoting the ALGO token sale, the Algorand Foundation tied the potential growth of the Algorand blockchain to potential demand for the ALGO token itself, and to its own commitment to preserving a price floor for ALGO.

106.

In or around August 2019, the Algorand Foundation publicly offered ALGO investors an early refund opportunity, and ALGO investors returned a total of approximately 20 million ALGO tokens to the Algorand Foundation in exchange for a refund that was 85% of the original purchase price. In or around June 2020, ALGO investors who did not refund their ALGO tokens in August 2019 were publicly offered a second refund window.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

107.

Through its rewards programs and incentive structures, the Algorand Foundation continued distributing tokens after the June 2019 token sale. As of March 2025, approximately 8.5 billion ALGO were in circulation.

108.

Today, two entities are responsible for Algorand: (1) the Algorand Foundation, an organization purportedly focused on Algorand "protocol governance, token dynamics and supporting grassroots, open-source development on the Algorand ecosystem," which was incorporated in Singapore; and (2) Algorand, Inc., a company purportedly focused on "layer-1 development of the Algorand Protocol and enabling Enterprise adoption of Algorand blockchain technology."

109.

The Algorand Foundation and Algorand, Inc. purportedly collaborate on projects and initiatives for the Algorand community.

110.

Shortly before the June 19, 2019 ALGO token sale, Steven Kokinos, the CEO of Algorand, Inc., posted a publicly available article stating: "(a) We will be holding our founder's tokens for the long term and will not be selling them. (b) We will use our founder's tokens to participate in consensus and assist in securing the network, though we will never represent more than 49% of the voting. (c) We will use our founder's tokens to support the ecosystem and encourage development."

111.

The Algorand Foundation purportedly owns 1.645 billion ALGO tokens and the participation and governance rewards associated with those tokens. Also, according to the SEC, members of the Algorand Foundation's board of directors and its advisory committees receive ALGO as compensation.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

112.

In addition to the tokens it owns, as of December 31, 2024, the Algorand Foundation also controls over 1.6 billion ALGO tokens in wallets publicly identified as for “Governance and Community Rewards,” “Market Operations,” “Fee Sink,” and “Foundation Treasury,” signaling to the public that the Algorand Foundation would use the ALGO tokens to support the ALGO economy or ecosystem as well as to reward itself and participants in this ecosystem.

113.

Based on the information Algorand, Inc. and the Algorand Foundation publicly disseminated, investors reasonably viewed ALGO as an investment in and expected to profit from Algorand, Inc.’s and the Algorand Foundation’s efforts to grow the Algorand protocol, which, in turn, would increase demand for and value of ALGO.

114.

In public statements on Twitter, as well as on their respective websites, Algorand, Inc. and the Algorand Foundation promoted the Algorand protocol.

115.

The Algorand Foundation told the investing public that ALGO investors could receive participation rewards (purportedly a form of staking by delegation) by “participation in the Algorand ecosystem via holding Algo in an online wallet.”

116.

Later, the Algorand Foundation publicly stated that it would replace the participation rewards that ALGO holders were entitled to receive with so-called governance rewards. The Algorand Foundation described “Governance” as a way for investors to make investment returns on their ALGO purchases—stating it is “a decentralized program which allows Algo holders to vote on the future of Algorand.” For example, the Algorand Foundation advertised that “Governors who register and stake Algos for a three month period during the sign up phase will be entitled to

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

vote on the voting measures put forward by the Foundation in the voting phase, and will then receive rewards in the rewards phase." According to the SEC, the Algorand Foundation also stated on one occasion that participating in governance was "the best way to earn rewards for holding Algo, with APY% of 10.02% - 14.05% seen in previous periods."

117.

The Algorand, Inc. and Algorand Foundation websites tout their technical experience and expertise in the areas of cryptography and business development. For example, Algorand, Inc.'s website states: "Algorand Technologies employs the industry's most accomplished professionals across engineering and research, cryptography, and product development."

118.

A January 2024 report explained that "[t]he Algorand Foundation is a not-for-profit organization focused on ecosystem initiatives like governance, funding Algorand-based projects, building developer tooling, and encouraging grassroots development."

119.

Algorand, Inc. and the Algorand Foundation have also taken steps to incentivize third parties to participate in and attract users to the ALGO protocol. For example, in or around February 2022, the Algorand Foundation announced a $10 million incentive for developers that can make the Algorand blockchain compatible with applications built on the Ethereum blockchain.

120.

Also in or around February 2022, the Algorand Foundation announced a section of its website called AlgoHub, "a virtual community designed to grow the pipeline of #Algorand developers."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

121.

Based on statements such as those alleged above, ALGO investors reasonably expected to profit from Algorand, Inc.'s and Algorand Foundation's efforts to increase demand for the Algorand technology, thereby resulting in a price increase for ALGO.

122.

ALGO peaked at a price of approximately $3.09 on June 20, 2019, and reached its highest market capitalization of approximately $13.4 billion on November 12, 2021. As of April 15, 2025, it traded at around $0.18 and its market capitalization was approximately $1.6 billion—reflecting a price drop of nearly 95% and a loss in market value of approximately $11.5 billion.

4. AMP

123.

AMP is an Ethereum-based token that was created by Flexa Network, Inc. ("Flexa"), a company incorporated in Delaware and headquartered in New York, New York. Flexa operates what has been described as a digital merchant payment network designed to enable rapid, universal, and secure processing of digital asset transactions (the "Flexa network").

124.

AMP can be bought and sold on numerous secondary trading platforms, including the Coinbase Platform, where it has been available for trading on the Coinbase Platform since approximately June 8, 2021.

125.

Flexa claims that the Flexa network facilitates the use of crypto assets to make everyday purchases. Customers seeking to use crypto assets link their wallets to Flexa. When the customer makes a purchase, Flexa states that deducts the equivalent value of crypto assets from the customer's wallet, pays the merchant immediately in either fiat or a convertible digital currency of its choice, and collects payment processing fees from the merchant.

COHEN MILSTEIN SELLERS
& TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

126.

Flexa states that the AMP token serves as collateral to decentralize risk within the Flexa network. Flexa describes this process as follows: (1) AMP holders stake their AMP tokens in blockchain-based collateral pools, where they are used to guarantee transactions taking place on the Flexa network; (2) when a transaction takes place on the Flexa network, a collateral manager holds AMP tokens equal to the fiat value of the transaction in escrow while Flexa converts the crypto asset into fiat currency to settle the transaction; (3) once the transaction settles, the AMP tokens held as collateral are released from escrow and are available to guarantee another transaction; and (4) if the transaction fails, the AMP tokens are liquidated. Flexa uses fees that it collects from merchants to purchase AMP on the open market and distributes those AMP tokens as a reward to those who stake AMP based on a pro rata shares of the tokens that were staked in the collateral pool. These rewards can lead to further profit for AMP holders.

127.

AMP is the successor token to Flexacoin, which was developed in February 2018 by Flexa's CEO, Tyler Spalding. Between February 2018 and April 2019, Flexa sold 12 billion Flexacoins in private sales to groups of accredited investors and token funds, raising over $14 million in April 2019 alone. While the Flexa network was not yet operational at the time, Flexa has claimed that "[t]he proceeds from this token sale have helped us continue to build out the Flexa network through additional merchant integrations and relationships with critical infrastructure partners."

128.

In April 2019, Flexa announced that the supply of Flexacoins would be capped at 100 billion tokens and that the Flexacoins would ultimately be allocated as follows: 10% to a Network Development Fund; 20% to token sales; 20% to a Founding Team and Employee Pool; 25% to a Merchant Development Fund; and 25% to Developer Grants. The Flexa network launched in May 2019.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

129.

To help collateralize the Flexa network, in November 2019, Flexa announced a plan to distribute 1 billion Flexacoin from its Network Development Fund as rewards to those who provides capacity on the Flexa network. In January 2020, Flexa began public sales to investors of an additional 4.5 billion Flexacoins.

130.

In September 2020, Flexa migrated the collateral function on the Flexa network from Flexacoins to the newly developed AMP token. Flexa allowed Flexacoin holders to exchange their tokens for AMP at a 1:1 ratio. Flexa's management explained that "because of the nature of the interfaces required to implement the new capabilities of Amp, it wouldn't have been possible to simply upgrade the Flexacoin token." Like Flexacoin, Flexa limited the supply of AMP to 100 billion tokens. On September 30, 2020, Flexa stopped using Flexacoins and began using AMP as collateral for transactions on the Flexa network.

131.

Purchasers of AMP, and purchasers of Flexacoin before them, have invested in a common enterprise. Flexa has pooled proceeds from its sales of Flexacoin and AMP in order to fund development and growth of the Flexacoin platform. Moreover, as Flexa stated in the May 2019 Flexacoin white paper, "Flexacoin is staked to collateralize every payment on the Flexa network." And, when it switched to AMP, Flexa similarly explained in its November 2020 AMP white paper, Flexa explained that "participants stake AMP into pools that secure the network." These collateral pools, comprised entirely of Amp, are what allow Flexa to operate. Or, as Flexa explained in the AMP white paper, the "Amp token serves as the singular type of collateral within Flexa to decentralize risk within the network." Investors who stake AMP can earn rewards when the collateral pools are successful. Coinbase has advertised that "Amp supports a wide variety of use cases for collateralization," including "to collateralize any account, application, or transaction, providing a versatile solution for value transfer activities." As an

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

example, Coinbase explains that "Amp can be used to collateralize payment networks, enabling instant, fraud-free payments to merchants across digital payment networks."

132.

AMP investors also share a common interest with Flexa's management. Flexa explained in an April 2019 Medium post that 20% of the total percentage of Flexacoin was reserved for the Founding Team and Employee Pool to "incentiviz[e] current and future Flexa team members. All supply from this allocation will be distributed on a four-year vesting schedule."

133.

Investors in Flexacoin/AMP reasonably expected to profit based on the efforts of others. From the start, Flexa has regularly emphasized the profit opportunity for AMP holders. For example:

- The AMP white paper explained that AMP "serves as a medium for accruing value" and "continuously appreciates in value as a direct result of its utility" within the Flexa network.
- The AMP white paper also stated that "Amp token pricing is based on user demand for staking yield, spending utility, and, expectation of future productivity growth."
- The white paper further explained that as Amp's "token price increases, adoption (i.e. staking) increases, and the AMP staking cycle becomes systematic and more correlated to consumption."
- The white paper further claimed that participants that stake AMP into the collateral pools are entitled to receive additional AMP tokens on a pro-rata basis as "network rewards." These rewards are derived from the "entirety of network transaction revenue," which includes fees charged to merchants. This transaction revenue, in turn, "funds the continuous open-market purchase of Amp tokens for redistribution as network rewards." Accordingly, the number of AMP tokens distributed as network rewards grows as the number and value of transactions on the Flexa network—and the revenue generated from those transactions—increases.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

134.

Flexa's August 2019 description of Flexacoin, AMP's predecessor, also reinforced the potential rewards for investors: "Stakers don't collateralize Flexa payments purely out of the goodness of their hearts. Rather, as incentive for deploying Flexacoin as collateral – and to compensate the risk they incur when collateralizing unproven apps on the network – stakers earn the network reward generated after every successful payment confirmation." As described above, Flexa's management team maintains these collateral pools.

135.

Flexa has continually promoted the availability of AMP (and previously, Flexacoin) to be bought and sold on secondary trading platforms. For example:

- On July 9, 2019, Flexa posted on its blog that Flexacoin was now available to buy and sell on a secondary market platform, making it "easier than ever for people all over the world to take part in Flexa's vision of mainstream cryptocurrency payments, and soon, to stake those payments themselves while earning rewards for collateralizing every purchase."
- Flexa repeatedly publicized the listing of AMP on additional secondary trading markets and crypto trading platforms. According to the SEC, Flexa also sought to facilitate such listings.

136.

The May 2019 Flexacoin white paper made clear that the co-founders and a small number of employees were responsible for Flexa's administrative, marketing, and technical development. Further, as noted above, Flexa's founders and management team held 20 billion of the total 100 billion Flexacoin (and therefore hold the same number of AMP tokens) to "incentiviz[e] current and future Flexa team members."

137.

Flexa and its founders have continued to emphasize their importance to the future success of the Flexa network and Amp. For example:

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

- In a September 8, 2020 Medium post, Flexa stated that "we take our responsibility to the Flexa community very seriously," and "we recognize our great fortune in being able to build the future of payments on top of revolutionary software like Bitcoin, Ethereum, and the various platforms that collectively represent DeFi."
- On June 18, 2020, the CEO and co-founder of Flexa stated in a YouTube video, "we [the founders] built this network from the ground up" and "we've created an open network."
- In a January 28, 2021 Flexa blog post, the founders detailed the many improvements they have made to the network, including partnerships and upgrades.
- In an August 15, 2024 post on its website, Flexa stated that "[w]e built Flexa to enable fast, affordable digital currency acceptance that has completely eliminated loss due to fraud," and that "we're here to make the transition to these new, fast, and more efficient payment rails as smooth and worthwhile as possible. In fact, it's our entire mission: to help sellers thrive in the next era of commerce."

138.

Throughout 2021 and 2022, Flexa's management has continued to issue blog posts highlighting continued improvements and greater acceptance of the Flexa network and the AMP token. For example, in February 2025, Flexa announced the "release [of] the third generation of Flexa Capacity," which it described as a "massive upgrade" that "revolutionizes the way Flexa uses Amp collateral and rewards collateral providers."

139.

AMP peaked at a price of approximately $0.12 per token and a market capitalization of approximately $5.7 billion on June 16, 2021. As of April 15, 2025, it traded at around $0.0036, with a market capitalization of approximately $305 million—reflecting a price drop of approximately 97% and a loss of approximately $5.4 billion in market value.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

5. APE

140.

APE, or ApeCoin, is a governance coin for the so-called APE Ecosystem. APE has been available for trading on the Coinbase Platform since approximately March 17, 2022.

141.

APE was purportedly created by the ApeCoin DAO, a purportedly decentralized organization that purportedly governs the ApeCoin community. ApeCoin DAO membership is purportedly open to all ApeCoin holders, with the APE token conferring rights to participate in the DAO, but the DAO has effectively been controlled by a small group of insiders, including Yuga Labs, Inc. and its founders and backers. Yuga Labs is a Delaware company that develops nonfungible tokens ("NFTs")—such as the well-known Bored Ape Yacht Club NFTs which, at the peak of the NFT market bubble, were valued at more than $1 billion total—and other crypto assets. According to one crypto news website, a Yuga Labs investor pitch deck described ApeCoin as part of Yuga Labs's business expansion plans.

142.

The supply of APE tokens is capped at 1 billion tokens. According to the ApeCoin website, 62% of APE's supply was initially distributed to the "ecosystem fund," with the majority of that going to the "DAO treasury and resources." Reflecting the ApeCoin DAO's domination by Yuga Labs and its founders and backers, 16% of the supply was distributed to Yuga Labs, while 14% was distributed to "[t]he companies and people that helped make this project a reality" and 8% was distributed to the founders of Yuga Labs.

143.

APE holders need not participate in ApeCoin DAO governance, and may also delegate the voting power of their tokens to others who actively participate in governance.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

144.

The ApeCoin DAO is further managed by the APE Foundation acting as the DAO's "steward." According to ApeCoin's website, "[t]he APE Foundation website is the DAO hub." ApeCoin's website states: "The goal of the APE Foundation is to steward the growth and development of the APE ecosystem in a fair and inclusive way. It utilizes the Ecosystem Fund, which is controlled by a multisig wallet [a crypto wallet controlled jointly by multiple crypto account holders], to pay its expenses as directed by the ApeCoin DAO and provides an infrastructure for ApeCoin holders to collaborate through open and permissionless governance processes." The website further explains that "ApeCoin DAO exists because decentralized governance is critical to building and managing a globally dispersed community—and therefore critical to the success of the APE ecosystem." As to this community, "[t]he APE Improvement Proposal Process will allow ApeCoin DAO members to make decisions regarding Ecosystem Fund allocations, governance rules, projects, partnerships, and beyond."

145.

According to Apecoin's website, while the APE Foundation "does not control ApeCoin or the ApeCoin DAO," the APE Foundation has an active role in managing both:

> The Foundation consists of an administrative Board, which exists solely to oversee the decisions of the ApeCoin DAO, as well as a third-party project management team in charge of ensuring ApeCoin DAO decisions are implemented. A decentralized autonomous organization (DAO) is the best way to give every member of the community a vote on important decisions whether it's a technical upgrade or a decision to fund a new idea. However, the reality is that today a DAO cannot sign a lease or hire people or make merch or whatever the community decides to do on its own. The Foundation is responsible for the day-to-day administration, bookkeeping, project management, and other tasks that ensure the ApeCoin DAO community's ideas have the support they need to become a reality.

146.

Investors in APE reasonably expected to reap profits as a result of the efforts, including Yuga Labs, the APE Foundation, and the ApeCoin DAO, to promote and grow the APE ecosystem and the APE token. Yuga Labs has promoted ApeCoin ever since its launch, for

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

example tweeting on March 16, 2022, the day ApeCoin launched, that “We’re excited to announce we’re adopting ApeCoin as the primary token for the Bored Ape Yacht Club ecosystem as well as future Yuga products and services.” Yuga Labs further tweeted that day that it was granting the ApeCoin DAO certain IP rights related to Bored Ape Yacht Club. ApeCoin’s website describes APE as “the primary token” of Bored Ape Yacht Club.” Yuga Labs has extensively promoted the Bored Ape Yacht Club NFTs, which attracted endorsements from celebrities like Eminem, Justin Bieber, Madonna, Stephen Curry, Jimmy Fallon, and Paris Hilton, who acquired Bored Apes and promoted them in the media and on social media. Yuga Labs has also launched, developed, and promoted projects explicitly connected to the APE ecosystem such as Otherside, which Yuga Labs described as a “gamified, interoperable metaverse under development” involving NFTs. Otherside’s website states: “The economy here runs on ApeCoin. Should you aim to purchase an item in Otherside, it’s APE you’ll need.” Yuga Labs has touted Otherside’s growth potential, with Otherside’s website stating, for example, “As a platform, Otherside will seek to connect in deep ways with its userbase and partner with established and respected entities in the industry to provide the education, experience, and leadership necessary to build the metaverse of tomorrow.” In 2022, Yuga Labs was publicly reported to have received a $450 million venture capital investment led by prominent venture capital firm Andreesen Horowitz that valued Yuga Labs at $4 billion. As noted above, a crypto news website reported in March 2022 that a Yuga Labs investor pitchbook described ApeCoin as part of Yuga Labs’s business expansion plans.

147.

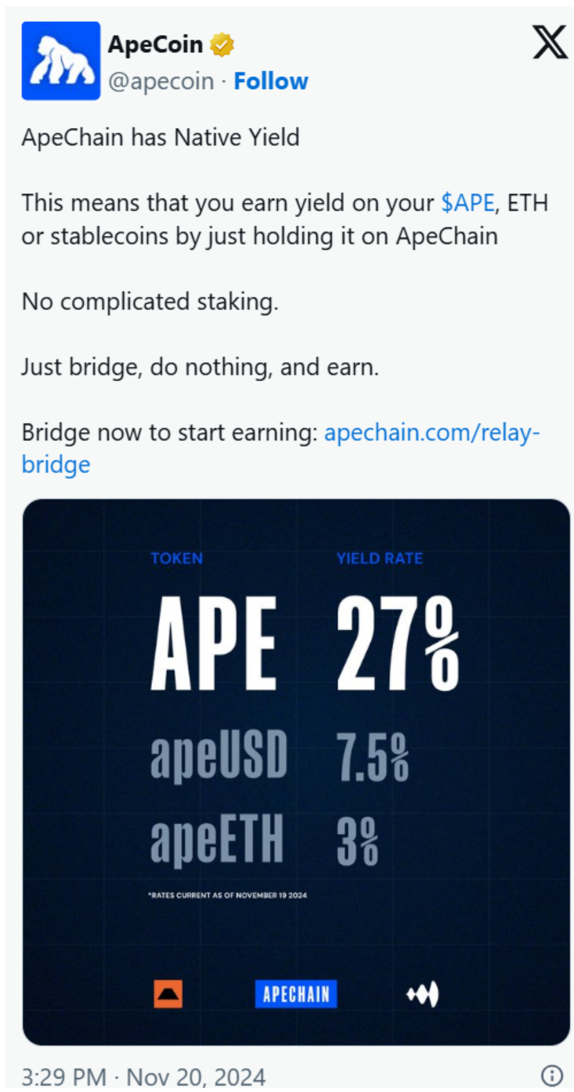
As noted above, APE also confers rights to participate in the ApeCoin DAO. APE also can be used to acquire merchandise, art, games, and other items. Both of these characteristics further link demand for the APE token with the efforts of ApeCoin’s managers to grow the ApeCoin ecosystem.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

148.

ApeCoin's managers and promoters have also offered and advertised direct financial incentives for APE investors to purchase and hold APE, including through ApeCoin's repeated advertisement, including on Twitter (now X), how APE holders can earn yield, including in the form of additional APE tokens, by holding or staking APE tokens. For example, on November 20, 2024, ApeCoin posted to its Twitter account that "ApeChain has Native Yield / This means that you can earn yield on your $APE … just by holding it on ApeChain / No complicated staking. / Just bridge, do nothing and earn. / Bridge now to start earning," advertising a 27% "yield rate" for APE:



COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

149.

Coinbase has further advertised, "ApeCoin holders participate in the ApeCoin DAO, a decentralized governance framework where they vote on proposals related to the ecosystem's growth and development," and that ApeCoin "grants holders access to exclusive games, virtual experiences, and services that are otherwise restricted." Coinbase further touted that ApeCoin "acts as a common currency within the ecosystem, enabling transactions without the need for centralized intermediaries"

150.

APE peaked at a price of approximately $26.70 per token with a market capitalization of approximately $7.4 billion on April 28, 2022. As of April 15, 2025, it traded at approximately $0.42 with a market capitalization of approximately $336 million – reflecting a price drop of more than 98% and a loss of approximately $7.1 billion of its market value.

6. ATOM

151.

"ATOM" is the native crypto asset of the Cosmos Hub. ATOM has been listed for trading on Coinbase since approximately February 14, 2021.

152.

The Cosmos project ("Cosmos") was launched in 2017 by Jae Kwon, Zarko Milosevic, and Ethan Buchman. According to Coinbase, Cosmos is an ecosystem of blockchains designed to scale and interoperate with each other, and the Cosmos team aims to "create an Internet of Blockchains" or "a network of blockchains able to communicate with each other in a decentralized way." Cosmos is built on a proof-of-stake consensus mechanism.

153.

The Cosmos Hub is a central blockchain that provides services to other blockchains connected to it. Cosmos's website states that Cosmos "is a blockchain that serves as a major economic center of the Interchain, and is a chief contributor to the interchain stack. The

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Interchain is an ever-expanding network of decentralized and interconnected blockchains." Cosmos described the Cosmos Hub as "the first hub among many hubs that [w]as launched within the Cosmos Network of sovereign blockchains."

154.

ATOM is described as "a license for the holder to vote, validate, or delegate to other validators" and "can also be used to pay for transaction fees to mitigate spam."

155.

In 2017, the Interchain Foundation (the "ICF") (a Swiss non-profit organization of which Buchman was formerly President and is currently Vice President) sold ATOM by conducting what it termed the "Cosmos Fundraiser" to collect so-called "donations" for the development of the Cosmos network. Pursuant to this offering, participants received ATOM tokens in exchange for BTC or ETH. The ICF offered ATOM at a value of $0.10 per token, with a 25 percent discount on that price for partnering "strategic funders" and a 15 percent discount for individual "Pre-Fundraisers." By April 2017, ICF had raised approximately $17 million in BTC and ETH through its "fundraiser" by selling ATOM tokens.

156.

At least four entities are currently or have been significantly involved in the development of Cosmos: (1) the ICF, which according to the SEC was created in 2017 by Kwon and Buchman, and was formed to support the development of Cosmos and the Cosmos ecosystem; (2) Interchain GmbH, LLC, a German limited liability company and subsidiary of ICF, which employs a team of software engineers and operations personnel working primarily on the Cosmos network; (3) All in Bits, Inc. d/b/a Tendermint (n/k/a Ignite, Inc.) ("Tendermint"), a Delaware corporation created by Kwon, Milosevic, and Buchman and headquartered in New York, with which the ICF contracted in 2017 "to develop the initial portion of the CESS [Cosmos Essential Software and Services]"; and (4) NewTendermint, Inc., a Delaware corporation of which Kwon is CEO and which supports and develops the Cosmos ecosystem.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

157.

In 2022, NewTendermint was spun off from All in Bits, Inc. (d/b/a Tendermint), which, at the same time, was rebranded to and became Ignite, Inc., which has focused on developing products and tools "to onboard the next wave of developers and crypto enthusiasts to Cosmos."

158.

Based on the information publicly disseminated by ICF, Kwon, and Buchman, purchasers of ATOM reasonably viewed ATOM as an investment in and expected to profit from ICF's, Kwon's, and Buchman's efforts to grow the Cosmos protocol, which, in turn, would increase the demand for and value of ATOM.

159.

The ICF collected and pooled the $17 million raised from investors in the Cosmos Fundraiser. In promoting the Cosmos Fundraiser, the ICF represented that the funds raised would be deployed to develop the Cosmos network. For example, the March 31, 2017 "Cosmos Plan" posted on the Cosmos GitHub page provided that the raised funds would be used "to contract with entities"—including Tendermint—"and their agents for the development of the Cosmos Essential Software and Services (CESS) and to help foster a community around CESS." The ICF later disclosed how they spent investor funds, for example in a 2019 post, "Projects Funded in 2018" posted to the ICF's public GitHub page.

160.

In the 2017 Cosmos white paper and "Cosmos Plan" (both of which were publicly available on the Cosmos website), Kwon and Buchman described the Cosmos Fundraiser and said that the 236 million ATOM tokens initially minted would be distributed: 10% to the "Cosmos Network Foundation" (the ICF), 10% to All in Bits, Inc. (Tendermint), 5% to initial or "lead donors," and 75% to "the donors of the Cosmos Fundraiser" (investors).

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

161.

In public statements on the Cosmos and ICF websites, the ICF described its expertise in developing blockchain networks. It further described efforts it and related entities (including Interchain GmbH and Tendermint) have made and would purportedly continue to make to develop the Cosmos network and attract users to the technology. For example:

- Cosmos's website stated that "Cosmos is supported by the Interchain Foundation" and identifies Tendermint, Interchain GmbH, and 15 other teams "contributing to the development of core software and infrastructure in the Cosmos ecosystem";
- The ICF website stated that "as stewards of the interchain, we fund and advance the creation of an interoperable, sustainable, and community-owned decentralized ecosystem" and its "core teams maintain the protocols and applications" in the "Cosmos tech stack" (including Cosmos Hub and Cosmos SDK);
- The 2019 "Projects Funded in 2018" post on the ICF's GitHub page (referenced above) identified grants, service agreements, and investments to develop the Cosmos network in 2018; and
- The ICF website has touted the "Builders Program," which supposedly "is led by a team experienced in building the ecosystem's software and infrastructure"; "is made by builders for builders, linking together our team of entrepreneurs, software engineers and designers with years of experience in building and launching chains"; and is a vehicle for ICF to "provide guidance and introductions to anyone in the ecosystem through our large network of investors, exchanges, custodians, auditors, development and design agencies, data providers and infrastructure partners."

162.

ATOM peaked at a price of approximately $43.65 per token with a market capitalization of approximately $12.5 billion on January 16, 2022. As of April 15, 2025, it traded at

COHEN MILSTEIN SELLERS
& TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

approximately $4.03 and its market capitalization was approximately $1.8 billion—reflecting a price drop of more than 90% and a loss of approximately $10.7 billion in market value.

7. AVAX

163.

AVAX is a cryptocurrency that is native to the Avalanche blockchain platform. AVAX has been available for trading on the Coinbase Platform since approximately September 30, 2021.

164.

Avalanche, like Ethereum, enables smart contracts to operate decentralized applications (dApps) on the platform. The Avalanche network is composed of three individual blockchains: the X-Chain, C-Chain, and P-Chain, each serving a distinct purpose, allowing Avalanche to handle a variety of use cases with different consensus mechanisms. Being compatible with Solidity, the programming language used by the Ethereum network, it aims to create greater blockchain interoperability by integrating a number of decentralized finance (DeFi) ecosystems, including projects like Aave and Curve.

165.

The Avalanche protocol was reportedly conceived of by Team Rocket, a pseudonymous group of software developers who published an article that detailed the basis for the Avalanche protocol. Soon afterwards, Ava Labs was created in 2018 by Emin Gün Sirer to actualize the idea by developing the protocol. Sirer is a professor of computer science at Cornell University and was a notable member of the Initiative for Cryptocurrencies and Contracts (IC3). Avalanche raised approximately $42 million through an ICO in July 2020 and has continued to draw big investments since. In July 2021, the Avalanche Foundation held a token sale raising $230 million, with participants including large venture capital companies such as Polychain and Three Arrows Capital. Ava Labs describes itself as "a world-class team of experts in computer science, economics, finance, and law with offices in New York City and Miami" who are "passionate

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

individuals creating a frictionless world by redefining the way people build and use finance applications." Sirer serves as Ava Labs's CEO; his LinkedIn profile describes him as "Building Avalanche, the fastest and most scalable blockchain network."

166.

AVAX investors have reasonably expected to profit from the efforts of Avalanche's management, including Sirer and Ava Labs. AVAX is needed to pay for transactions on the Avalanche network and is needed to stake in order to validate transactions on the platform and to receive the staking rewards, which create demand for the token. Transactions on Avalanche are confirmed by validators who stake AVAX and who receive validator rewards in exchange. Thus, staking AVAX is highly incentivized, creating a system where the circulating supply of AVAX remains relatively low—even when demand for the token is high.

167.

Additionally, unlike other blockchains like Bitcoin and Ethereum, Avalanche's fees (paid in AVAX) are not paid to validators of the network. Instead, all fees are burned, meaning the AVAX tokens spent on these fees are permanently destroyed. This further increases the scarcity of AVAX, which is offset by the minting process in an effort to ensure the network's longevity. AVAX also serves as a means to participate in Avalanche's governance.

168.

AVAX gains value from fees collected from transactions on the protocol. AVAX has a capped supply of 720 million tokens, half of which were created and distributed during Avalanche's launch in 2020. The remaining tokens are to be generated by the minting process in the form of staking rewards.

169.

Statements by Avalanche have promoted AVAX as an investment opportunity. In a 2022 blog post, for example, Avalanche stated that "Avalanche is now or will soon be the foundation for institutional Web3 projects in fields including finance, insurance, payments, vehicles,

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

entertainment, culture, and many more. Despite the crypto market downtown, many executives are more bullish on Avalanche now than ever." In other blog posts, Avalanche has highlighted AVAX's listings on crypto exchanges such as Coinbase, which enhances trading liquidity in AVAX and the desirability of AVAX as an investment, and touted that that AVAX is "a hard-capped, scarce asset used to stake for rewards and keep the network secure, play Web3 games, mint NFTs, fund DeFi dApps, and much more." In a blog post from May 2024, Avalanche wrote: "The Avalanche Foundation has introduced the Icebreaker Program to bolster the growth and stability of the Avalanche ecosystem by supporting new and existing projects, particularly through liquid staking tokens. The initial phase will distribute up to 500,000 AVAX to select projects, with ongoing assessments and future expansions planned to further enhance the ecosystem." Avalanche's blog and X accounts post frequent updates about Avalanche developments and initiatives aimed at growing the network.

170.

Coinbase's webpage about AVAX includes "AVAX Insights" featuring what "Bulls say" and what "Bears say," with the "bull" case for investing in AVAX stating that AVAX is "a consensus protocol designed for speed and flexibility" such that "Avalanche aims to outperform competitors in terms of throughput and confirmation times." Coinbase further touted that "Avalanche's recent collaborations with major financial institutions like JPMorgan Chase and CitiBank further highlight its ambition to lead in the real-world assets . . . market."

171.

AVAX peaked at a price of approximately $147.50 per token and a market capitalization of approximately $30.19 billion on November 20, 2021. As of April 15, 2025, it traded at around $24.79 per token and its market capitalization was approximately $812 million—reflecting a price drop of more than 86% and a loss of approximately $31.1 billion in market value.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

8. AXS

172.

Axie Infinity Shards ("AXS") are Ethereum-based tokens associated with the Axie Infinity ("Axie") game, a blockchain game that allows players to interact in a virtual world through digital pets called "Axies." AXS can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and AXS has been available for trading on the Coinbase Platform since approximately August 2021.

173.

Axie was created by Sky Mavis PTE LTD ("Sky Mavis") and launched in 2018. Sky Mavis, led by CEO Trung Nguyen and Chairman and COO Aleksander Leonard Larsen, is responsible for key decisions regarding Axie, such as product development, marketing, digital design, and software engineering.

174.

According to Axie, AXS is the governance token for the Axie Universe, allowing holders to "participate in key governance votes." Players of the Axie game can earn AXS for successfully playing the Axie game and can use AXS to make in-game purchases. As Coinbase has advertised, "[t]he main [game] token, Axie Infinity Shards (AXS), can be bought and sold on exchanges like Coinbase" and while "[y]ou need some AXS to play the game, . . . you can also trade AXS like Bitcoin, Dogecoin, or any other major crypto. AXS will also serve as a governance token, which allows holders to have a say in the future of the game." AXS can also be staked through Axie. The total AXS token supply is 270 million with over 150 million in circulation.

175.

In 2020, Sky Mavis raised about $864,000 in a purportedly private sale of AXS tokens to "strategic investors." That same year, Sky Mavis conducted a public sale of AXS, resulting in the distribution of 29.7 million AXS tokens, raising $2.9 million for Axie. The AXS tokens sold to

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

"strategic investors" were offered at a 20 percent discount to those sold in the public offering and were subject to a two-year vesting schedule.

176.

Based on the information Sky Mavis publicly disseminated, investors reasonably viewed AXS as an investment in, and expected to profit from, Sky Mavis's efforts to grow, the Axie protocol, which, in turn, would increase the demand for and the value of AXS.

177.

For example, Sky Mavis explained publicly that funds raised in the AXS 2020 offerings were pooled and used to develop and improve the Axie platform. An October 26, 2020, article explains that the "team has used funds raised according to the allocations below: 85% [d]evelopmental expenses; 10% [a]dministrative costs; 5% [b]usiness development and marketing." Also, on November 19, 2020, the Axie Twitter account stated: "Today, we're proud to share more info on the $AXS strategic sale! The participants will help open amazing new doors. The capital will help us scale the team so we can better deliver on the gameplay and feature updates you're all patiently waiting for!" To keep the Sky Mavis team "incentivized to keep building after a successful token sale," 21% of the total AXS tokens—56.7 million AXS—were issued to these individuals, which will be gradually unlocked over a 4.5-year period to ensure that "the team, community and investors have aligned incentives." Axie's white paper included a "roadmap" for development and growth of the Axie platform with specific timelines for achieving these goals. It further included a page dedicated to touting the potential for "Future revenue streams," stating that "Axie Infinity will be run using a Game-as-a-Service model where new features will be introduced over time. Axie can potentially earn revenue from selling Axies, Land, cosmetics, and in-game consumables. Additionally, there will be fees when players want to level up their game characters, play in tournaments, and craft new assets. All the fees and revenue generated by Axie Infinity will be placed in the Community Treasury which is governed by the AXS holders." As recently as January 31, 2025, the Axie platform announced that one

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

thousand AXS rewards would be distributed to the top 50 most active Discord community members, as an effort to increase the number of daily users, as demonstrated by the explicit invitation to "introduce your friends and family to Axie!"

178.

As of March 12, 2025, Axie represented on the Axie Infinity website that: 4% of AXS is allocated for private sale; 7% is allocated for advisors; 8% for the encryption fund; 11% for public sale; 20% for Play to Earn; 21% for Sky Mavis; and 29% for staking rewards." According to an Axie white paper, the Sky Mavis team intended to use its experience and efforts to develop and grow the Axie game. For example, it lists the Axie founding team, their roles, and background experience, and touts that "we've established a core team to lead product development and oversee most decisions related to the progress of the game. This allows us to build and iterate quickly towards product-market fit."

179.

At the time of the initial sale of AXS, the Axie platform was not complete, and several features of the platform were implemented after 2020. Further, the white paper explicitly set growth goals in terms of daily average users of Axie Infinity and average weekly growth rates, stating that "[i]f these requirements are not met by the end of 2023, Sky Mavis will lead the formation of a steering committee or similar vehicle to discuss a path forward."

180.

Coinbase similarly advertised that "you can also trade AXS like Bitcoin, Dogecoin, or any other major crypto" and emphasized that "[a] key feature of Axie Infinity is community engagement, where each member contributes, participates in governance, and generates content."

181.

AXS peaked at a price of approximately $164.90 per token and a market capitalization of approximately $10.7 billion on November 6, 2021. As of April 15, 2025, it traded at around

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

$2.19 with a market capitalization of approximately $351 million—reflecting a price drop of more than 98% and a loss of approximately $10.3 billion in market value.

9. CHZ

182.

CHZ is a token on the Ethereum blockchain, advertised as the "native digital token for the Chiliz sports & entertainment ecosystem currently powering Socios.com," a sports fan engagement platform built on the Chiliz blockchain. CHZ can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and CHZ has been available for trading on the Coinbase Platform since approximately June 2021.

183.

The Chiliz blockchain was introduced in early 2018 by protocol founder and current CEO Alexandre Dreyfus, under a Maltese entity named HX Entertainment Ltd. According to the Chiliz white paper, the Chiliz protocol is "a platform where fans get a direct Vote in their favorite sports organizations, connect and help fund new sports and esports entities." As Coinbase has advertised, the CHZ token purportedly "serves as the platform's internal currency" and allows fans to acquire a limited supply of branded "fan tokens" from "each sporting organization using its technology."

184.

According to the Chiliz white paper, the Chiliz team raised approximately $66 million during the second quarter of 2018 through the sale of CHZ in "Chiliz's Token Generation Event," which Chiliz claims was "executed via private placement." CHZ were originally minted in 2018, and there is a maximum supply of 8,888,888,888 CHZ tokens. It was not until the second quarter of 2019 that Chiliz made "Fan Tokens" on Socios.com available for purchase with CHZ.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

185.

From the initial "private" offering of CHZ tokens onward, the Chiliz team has disseminated information and made public statements, based on which purchasers of CHZ reasonably expected to profit from the Chiliz team's efforts.

186.

For example, Chiliz claims on its website that its "team" consists of more than 300 team members across 45 different nationalities." The Chiliz team operates both the Chiliz protocol and Socios.com.

187.

In fact, the Chiliz white paper and other public statements by Chiliz identify members of the Chiliz leadership team, and describe their past entrepreneurial and technology experiences. Chiliz touts that the Chiliz team is "building the web3 infrastructure for sports and entertainment." Chiliz publicly represented that it would use the proceeds from CHZ sales to fund the development, marketing, business operations, and growth of the Chiliz protocol and, consequently, to increase the demand for CHZ in connection with the protocol. For example, the white paper explains that 58% of funds raised through token sales would be allowed to operational expenses, including "to develop the Socios.com platform, secure partnerships & realize the platform's digital infrastructure"; 20% would be allocated to "acquir[ing] new users for the Socios.com platform and grow[ing] engagement in its voting utilities"; 10% would be allocated to corporate structuring; 5% to security and legal; and 7% to ecosystem support.

188.

Moreover, 5% and 3% of the total CHZ tokens distributed were allocated to the Chiliz team and an advisory board, respectively—the two groups responsible for the creation and development of the platform—aligning the fortunes of management with those of CHZ investors.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

189.

The CHZ white paper further evidences the mutuality of interest (and the alignment of fortunes) between promoter and investor in cautioning that “if the value of BTC, ETH and/or Chiliz fluctuates, the Company may not be able to fund development to the extent necessary, or may not be able to develop or maintain the Socios.com Platform in the manner that it intended.”

190.

The Chiliz team also frequently touts the growth potential in the sports and esports industry that it seeks to monetize through the Chiliz team’s efforts to expand its platform. For example, the CHZ white paper highlighted the size of the gaming industry and potential for esports revenue as well as the use of CHZ to drive and monetize fan engagement for traditional sports. The white paper referred to the June 2018 “Token Generation Event,” stating: “[w]e are no longer pursuing fundraising measures, instead focusing our efforts on leveraging accrued resources to realize the Chiliz/Socios.com vision.” The white paper continued: “[w]ith foundations set, Chiliz and the Socios.com platform it powers will look to use Football as a benchmark to expand our Tokenized Fan Voting model to other sports in order to cater to a global marketplace where different competitive verticals are dominant – prime examples of diversification are Cricket in the Indian market, Baseball for Japan, and the like.”

191.

Public statements from the Chiliz team and its executives indicate that CHZ tokens are primarily deployed for purchasing “fan tokens” on Socios.com. The demand for and price of CHZ tokens is, therefore, directly reliant on demand for Socios fan tokens and their benefits.

192.

The Chiliz team also made other public statements that emphasize the economic reality inherent in the design of the Chiliz blockchain’s reliance on CHZ to function—that as Chiliz is able to grow its platform by partnering with more teams, and those teams grant attractive

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

opportunities to token holders, the value of the respective “fan tokens” will increase, and in turn, the value of CHZ will also increase.

193.

In May 2024, Chiliz claimed that “Chiliz Chain is home to one of the most high potential movements in blockchain” that “Fan Tokens are the official crypto assets for over 70 of the biggest sporting organizations in the world. . . . Together they form the biggest digital asset class in sport,” and that “all this adoption, innovation and game-changing will drive the biggest names in the sports industry to roll out their Web3 visions.”

194.

In public statements, Chiliz’s CEO has also connected demand for CHZ to the potential growth of the Chiliz platform. In February 2020, he stated: “Tens of thousands of regular football fans have already started to use crypto, purchasing $CHZ in order to buy Fan Tokens, and in time we expect millions more to do so as we continue to add more partners to the platform and increase our reach and grow the brand.” In March 2021, he tweeted: “Monthly Active Users (MAU) of the @socios app, powered by $CHZ. You can see how the demand for $CHZ (exchanges, Etherscan wallets, …) exploded. Everything is correlated. We are building a mainstream consumer-facing product, powered by @chiliz blockchain.” And in February 2023, he tweeted: “I’m biased but I’m very confident that the Chiliz ecosystem is gonna bring a lot of value to fans, sports properties, and innovation in general. Long journey ahead of us. $CHZ.” Chiliz’s CEO continues to actively promote CHZ, with an announced upcoming presentation on “Blockchain and Tokenized Economies” at the Paris Blockchain Week in April 2025, an event at which Chiliz has advertised it will “showcase how the Chiliz Chain is driving innovation in the SportFi ecosystem.”

195.

The Chiliz team has also made efforts to drive secondary trading of CHZ by offering the token on crypto asset trading platforms. For example, a June 2019 “Listing Content and Q&A”

COHEN MILSTEIN SELLERS
& TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

document, available on the Chiliz website, discussed a listing proposal to offer CHZ on the Binance DEX platform. More recently, in April 2024, the Chiliz team announced that "Transak," a "leading cryptocurrency onboarding solution," now supports Chiliz and "simplifies $CHZ acquisition so that users [can] access an easy gateway into Chiliz's Fan Token ecosystem."

196.

The Chiliz team has also represented to its investors that it plans to engage in "burning" (or destroying) CHZ tokens as a means of supporting the price of CHZ by reducing their total supply. For instance, in 2020, the Chiliz team announced through its Fan Token exchange that it would burn 20% received in net trading fees, 10% of proceeds from "Fan Token" offering sales, and 20% of net proceeds of NFT & Collectibles. The public statements regarding the burning of CHZ provided investors an additional reason to view their purchase of CHZ as having the potential for profit.

197.

CHZ peaked at a price of approximately $0.88 per token and a market capitalization of approximately $4.7 billion on March 13, 2021. As of April 15, 2025, it traded at around $0.04, with a market capitalization of approximately $345 million—reflecting a price drop of approximately 96% and a loss of approximately $4.3 billion in market value.

10. COMP

198.

COMP is an Ethereum-based governance token for Compound, a crypto lending and borrowing platform. COMP has been available for trading on the Coinbase Platform since approximately June 23, 2020.

199.

Compound was built in 2017 by Compound Labs, Inc., a corporation based in San Francisco, and co-founders Robert Leshner and Geoffrey Hayes. The Compound platform pools crypto assets for borrowing and lending with algorithmically derived interest rates that are based

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

on supply and demand for the asset. Suppliers and borrowers can earn and pay floating interest rates without negotiating terms like "maturity, interest rate, or collateral with a peer or counterparty." Lenders deposit money into Compound's liquidity pools and earn variable interest rates, and borrowers take loans that are permitted by Compound. As of March 2025, Compound boasted that it supported over $943 million in borrowing that is backed by $2.2 billion of collateral across 10 markets.

200.

In May 2018, Compound Labs raised $8.2 million in seed funding led by major crypto venture capital firms including Bain Capital Ventures, Andreesen Horowitz, Polychain, and Paradigm. Coinbase itself also invested in Compound Labs in 2018. In November 2019, Compound Labs raised $25 million in a Series A funding round led by Bain, Andreesen Horowitz, Polychain, and Paradigm. These venture capital firms have not been passive investors in Compound and the COMP token, but have taken an active role in Compound's governance and operation, for example by voting on and discussing governance proposals in Compound's governance forums.

201.

This is consistent with the way these VC firms have described their approach to crypto investing. As Paradigm's website explains, it "take[s] a deeply hands-on approach to help projects reach their full potential, from the technical (mechanism design, smart contract security, engineering) to the operational (recruiting, regulatory strategy)."

202.

Bain advertises its active governance participation as a key "advantage." According to its Bain Capital Crypto website, "[c]rypto protocols require a dedicated level of active participation on topics related to code contribution, risk parameter adjustment, DAO organization, and management. We participate actively in these ecosystems." As part of this, Bain Capital Crypto

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

"support[s] teams in both private and public markets" and "participates across capital stages and even leverage protocols with [its] own capital."

203.

Andreesen Horowitz's crypto fund advertises that it supports the businesses it invests in with its "research organization," "[e]ngineering and security teams," "[l]egal and regulatory teams," "[g]o-to-market expertise," "[r]ecruiting services," "[e]ducational content," and a "Crypto Startup Accelerator."

204.

Polychain's C.E.O. has stated that his team was "definitely involved in the high-level design of the entire Compound token system."

205.

Throughout 2018 and 2019, Compound Labs ran the Compound business. In 2019, Leshner wrote that he was "blown away" by the market's response to Compound. On February 26, 2020, Leshner announced he was beginning the process of transferring the Compound business from Compound Labs to a soon-to-be-formed DAO. To facilitate this transition, Compound Labs created a crypto token called COMP, describing COMP as a "governance token."

206.

Leshner announced the creation of COMP in a public message in February 2020, explaining that issuing COMP would help Compound achieve its "goal . . . to create financial infrastructure that applications and developers can rely on, forever." After touting Compound's long-term prospects, Leshner urged readers to obtain COMP, telling them that "[p]articipation" in the DAO "starts with the Compound governance token, COMP." Leshner told readers that owning the COMP token would "allow[] you to suggest, debate, and implement changes to Compound" and to "participate in shaping the direction of Compound." At the same time, Leshner made clear that individuals could purchase COMP without participating in community

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

governance, explaining that “[i]n addition to being a standard ERC-20 asset, COMP allows the owner to delegate voting rights to the address of their choice.”

207.

In early 2020, the first COMP tokens were issued to Compound Labs’ shareholders, including its VC backers.

208.

In May 2020, Lesher proclaimed that COMP would help “create unstoppable, upgradable financial infrastructure.”

209.

Despite these statements touting “community governance,” Compound Labs’ plan was always to ensure that insiders would keep control of the business. For example, according to a Compound blog post authored by Leshner in April 2020, under the initial supply schedule, “founders and team,” “shareholders,” and “future team members” will together hold 50% of the outstanding COMP supply when COMP is fully distributed. Since then, COMP ownership has remained highly concentrated among these insiders, who effectively govern and manage Compound through their voting control.

210.

Instead of selling tokens directly for cash or crypto assets in an Initial Coin Offering, Compound Labs sold COMP to Compound’s users in exchange for their use of the platform and payment of the platform’s fees.

211.

On June 10, 2020, Compound Labs announced that the trial governance period for Compound DAO would end on June 16, and that COMP would become available to the public on that day. Compound DAO distributed COMP to the users of the Compound business in exchange for their use of the service and payment of fees to the DAO. These distributions are sometimes referred to as “emissions.”

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

212.

Because Defendants took steps to ensure that COMP tokens are tradeable on secondary markets, those who received COMP tokens for using the protocol and paying fees were able to turn around and sell their COMP tokens for a profit. The influx of users borrowing and lending assets on Compound so that they could obtain COMP and then immediately sell it, in turn, increased the value of COMP tokens on the secondary market, and the rapid growth in the protocol's user base gave the impression of rapidly increasing demand. The increase in the value of COMP tokens on the secondary market, in turn, increased the realizable interest rates for depositors (who received COMP with each deposit they made), incentivizing them to deposit even more, which in turn increased the value of the tokens, and so on.

213.

COMP tokens immediately became tradeable on the secondary market, including decentralized exchanges. Compound actively solicited these secondary-market transactions and soon took additional steps to ensure that COMP would be tradeable on centralized crypto exchanges as well.

214.

One major investor stated, as Bain had earlier, that "[g]iven that COMP represents a potential claim on future interest paid, as more collateral onboards to Compound, this should make COMP more valuable as more lenders/borrowers show up."

215.

About two weeks after COMP's public launch, its price dropped steeply. Compound sought to persuade Coinbase to list COMP for trading. According to CoinDesk, a crypto news publication, COMP's listing on Coinbase "was one of the fastest Coinbase listings to date following the launch of a digital asset."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

216.

With the help of Compound Labs, Coinbase also added COMP to its feature called "Earn" where users of Coinbase would receive COMP in exchange for watching an advertisement promoting the Compound protocol. Coinbase explained the "Earn" program in its public disclosures as follows: "We provide asset issuers with a platform to engage with our users through education videos and tasks where users can earn crypto assets that they learned about. We earn a commission based on the amount of crypto assets distributed to our users." Thus, Compound Labs agreed to pay Coinbase a commission to sell or provide COMP to its investors, to encourage those investors to invest in COMP through "education videos" created by or at the direction of one or more Partner Defendants, to encourage investors to use the Compound protocol and thereby obtain more COMP, and to ensure a robust secondary market for COMP. Leshner also personally posted about Compound's participation in this program on Compound's blog.

217.

Compound's managers took steps to have COMP listed and supported by other crypto exchanges. In 2021, in response to a Compound user asking for a solution "to enable low-cost trading of COMP" on a different platform called Arbitrum, Leshner wrote that "I've reached out to the Arbitrum team to add COMP as a supported asset."

218.

Users who store their COMP tokens on Coinbase or other centralized exchanges cannot exercise governance rights or vote on any governance proposals because the exchanges formally holds those tokens itself and distribute those tokens to investors only when the investors withdraw the tokens from the exchange.

219.

Investors in COMP reasonably expected that Compound and Compound Labs, Inc. would continue to exert effort to ensure the token earns value through the growth and success of the

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Compound protocol. Investors frequently discuss COMP as an investment asset on social media, in the official Compound Discord server, and in other crypto forums, repeatedly sharing their expectation that owning the COMP token will be profitable for them personally.

220.

COMP peaked at a price of approximately $910.54 per token with a market capitalization of approximately $4.7 billion on May 11, 2021. As of April 15, 2025, it traded at $39.78 with a market capitalization of approximately $356 million—reflecting a price drop of more than 95% and a loss of approximately $4.3 billion in market value.

11. DASH

221.

"DASH" is the native token of the Dash blockchain and the token used for financial transactions on the Dash platform, including payment of transaction fees required to propose transactions on the blockchain. DASH can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and DASH has been available for trading on the Coinbase Platform since approximately September 2019.

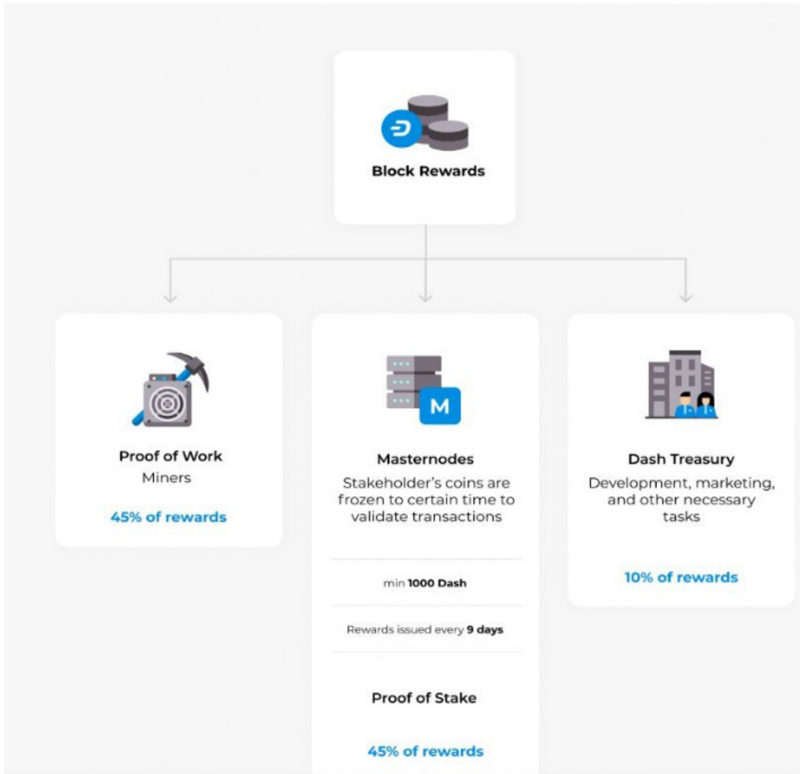
222.

The Dash blockchain is a protocol launched in or about January 2014 by founder Evan Duffield. According to its website, Dash is a crypto payment platform "forked" (or split off) from the Bitcoin source code. DASH tokens were initially distributed to miners as a reward for value provided to the Dash network by mining blocks for the blockchain. Today, the Dash network is purportedly run by a subset of its users, which are called "Masternodes," servers that provide a second layer of services and governance on the Dash blockchain on top of the services provided by standard nodes. Ninety percent of the block rewards—in the form of DASH tokens—generated through blockchain mining are split between the Masternodes and the regular nodes. At the end of every month, the remaining 10% of the block rewards are dispersed monthly to the Dash Treasury to fund operation of, and improvements to, the Dash platform and DASH

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

token. The following graphic illustrates how rewards are purportedly distributed on the Dash platform:



223.

The Masternodes control an entity known as the DCG (Dash Core Group), which is funded by the Dash Treasury, and is responsible for making budget proposals meant to improve and advance the Dash network. The Masternodes vote on all DCG proposals and other funding proposals submitted to the Dash Treasury. The Masternodes also indirectly control the DCG through the Masternodes' voting control over the Dash Trust, which is the sole shareholder of DCG. The DCG's improvements to the Dash platform and the DASH token benefit token holders by increasing the DASH token's value, thereby benefitting all token holders. Accordingly, the fortunes of the investors (i.e., the non-Masternodes token holders) are tied to the fortunes of the Masternodes and the DCG.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

224.

From the founding of the Dash platform, the Masternodes and the DCG have disseminated information based on which DASH purchasers, including those who purchased DASH since September 2019, reasonably viewed DASH as an investment in and expected to profit from the DCG's and the Masternodes' efforts to develop, expand, and grow the protocol, which, in turn, would increase the demand for and the value of DASH.

225.

For instance, Duffield developed the algorithm used for calculations on the DASH blockchain and launched DASH purportedly to improve on Bitcoin's relatively slow transaction times and to address privacy issues. The DCG touts the Dash algorithm as "one of the safest and more sophisticated cryptographic hashes in use by modern cryptocurrencies." To enhance DASH's speed and privacy Duffield subsequently invented "InstantSend" and "PrivateSend," which respectively, according to the Dash website, allow users to transfer DASH without waiting for the transactions to be confirmed on the blockchain and by making transactions more difficult to trace. In an August 2024 interview, a Dash employee highlighted features "like instant transactions, low fees, and unparalleled scalability." Dash also recently announced the release of "Dash Evolution," a "platform [for] executing data contracts to write to, and access from, decentralized storage," which was created to "properly fill in all the missing gaps around decentralized money" by "div[ing] into decentralized data."

226.

Further, using the DASH it receives from the Dash treasury, the DCG works to enhance performance, add features to the Dash platform, and advance DASH as a medium of payment. Dash's website states that DASH can be spent at thousands of retailers through the "DashDirect" consumer app and, in or around May 2022, @DashInformation tweeted, "DCG is a [Dash Funded Organization] with a dedicated team working for the Dash network that is responsible for the main development of Dash. Its mission is to provide greater financial freedom by delivering

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

and improving financial solutions which are secure, reliable, decentralized, and usable for all." As recently as January 2025, Dash announced that it sought to "work closely" with "crypto companies, wallets and services … to enable as many of Dash's special features as possible in their apps, and to support them in a mutually-beneficial relationships," and continued to promote Dash as "one of the oldest, best, most-time tested crypto projects" and as "the ultimate decentralized money and digital cash experience."

227.

As Coinbase has advertised, "Dash aims to be a user-friendly and scalable payments-focused cryptocurrency . . . designed for both individual users and institutions, including merchants, financial services, traders, and those who need to send international remittances." Coinbase has further touted that Dash's design "allows Dash to offer improvements in transaction speed, privacy, and governance."

228.

Finally, the value of DASH is further enhanced by the fact that the token has a limited supply and has deflationary mechanisms. For example, the Dash website explains that the block reward is reduced by approximately 7% every 210,240 blocks (approximately every 380 days).

229.

DASH peaked at a price of approximately $1,493.59 per token and a market capitalization of approximately $11.6 billion on December 20, 2017. As of April 15, 2025, it traded at around $20.55, with a market capitalization of approximately $251 million—reflecting a price drop of more than 98% and a loss of approximately $11.3 billion in market value.

12. DDX

230.

DDX is a token issued on the Ethereum blockchain, associated with the DerivaDEX protocol, offered in or about July 2020 by DerivaDEX and its agents (together, "DerivaDEX"). DerivaDEX purports to be an exchange for derivatives contracts. DerivaDEX claims on its

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

website that the DDX token "governs" the DerivaDEX "project," and that "DDX is also used for fee reductions and staking opportunities."

231.

DDX can be bought and sold for fiat currency or other crypto assets on secondary trading platforms. DDX had been available for trading on the Coinbase Platform since August 31, 2021, but was delisted from the Coinbase Platform as of August 23, 2023.

232.

The DerivaDEX protocol was, and continues to be, developed by: (1) DEX Labs, Inc. (f/k/a DerivaDEX, Inc.), a Delaware corporation purportedly providing software development services; (2) a the DerivaDEX Foundation; and (3) an operating entity called the DerivaDAO. DerivaDEX was co-founded by Aditya Palepu and Frederic Frontier, among others, and according to its website is "supported" by partners including Coinbase, CMS, Dragonfly Capital, Electric Capital, and Polychain Capital.

233.

According to DerivaDEX, the protocol has a supply of 100 million tokens, half of which are "emitted." The remaining 50 million tokens are to be released over the next 10 years as the "liquidity mining supply" to facilitate trading on the trading platforms. In or about July 2020, DerivaDEX announced that it had raised $2.7 million over two rounds of fundraising. Investors received over 15.3 million tokens, advisers received 660,000 tokens, and DerivaDEX retained the remaining 34 million tokens. Because outside investors hold only 30.7% of the available token supply while DerivaDEX and its management team retained the majority of "emitted" DDX tokens, management shares a common interest with other investors in the value of DDX. In a December 2020 Medium post titled "DerivaDEX Token Economics," DerivaDEX explained that 21 million tokens in DerivaDEX's supply "are unlocked upon network launch" and can be utilized "at any time."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

234.

Purchasers of DDX tokens invested in a common enterprise. DerivaDEX has represented that funds raised by token sales would be used primarily to make DerivaDEX operational. For example, in the December 2020 Medium post, DerivaDEX stated that over 34 million DDX are allocated for: “funding for community initiatives, business development and partnerships, marketing, future fundraising rounds, and continued engineering development of the DerivaDEX protocol.”

235.

Based DerivaDEX’s public statements, DDX purchasers reasonably viewed DDX as an investment and expected to profit from the efforts of DerivaDEX. Coinbase advertises that “DerivaDAO aims to fill a gap in the intersection of trading and blockchain technology” as “[i]t seeks to solve the issues faced by other exchanges, such as weak security and potential regulatory concerns, by operating as a DAO.” Coinbase continues that “DerivaDAO also strives to offer a performant and capital-efficient user experience, addressing the liquidity and user experience issues of decentralized exchanges” and that “[i]ts off-chain price feeds, matching engine, and liquidation operators aim to provide a similar level of speed and efficiency as centralized exchanges, making it a potential choice for users seeking a decentralized yet efficient trading platform.” Coinbase has further highlighted how “DerivaDAO was founded by Aditya Palepu, a Duke alumnus and former algorithmic trader with experience in software engineering” who “is supported by a team of nine, including co-founder Frederic Fortier, a software engineer with over a decade of experience building distributed systems” and that “DerivaDAO has also received support from a variety of investors, raising a total of $2.7 million in several rounds.”

236.

In July 2020, DerivaDEX touted a “series of programs that will be made available for early partners, including testnet competitions, insurance mining, and other opportunities to get early access to the testnet exchange product.”

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

237.

DerivaDEX described "insurance mining" as a program offering investors the ability to earn more DDX by "staking" DDX to a DerivaDEX "insurance fund." Investors who contribute their DDX tokens to the fund, creating liquidity that could be used to insure parties if a transaction failed, would have the opportunity to profit from rewards in the form of additional DDX tokens as the insurance pool grows and earns fees.

238.

DerivaDEX has also sought to attract investors by noting that DDX tokens could soon be traded on secondary platforms, like Coinbase. For example, in tweets beginning in June 2021, DerivaDEX and DEX Labs touted when DDX became available for custody at various trading platforms including Coinbase. DerivaDEX has also published an article that stated in part, "[i]ts [*sic*] been a huge week for DerivaDEX [...] as DDX custody offerings coming live at both [trading platforms]," and retweeting Coinbase's listing announcement. DEX Labs also retweeted the announcement, as did DerivaDEX's product lead, stating, "big hecking week for us @DEXLabs1[.]"

239.

DDX peaked at a price of approximately $15.28 per token and a market capitalization of approximately $399 million on August 31, 2021. As of April 15, 2025, it traded at around $0.13, with a market capitalization of approximately $1.2 million—reflecting a price drop of more than 99% and a loss of approximately $398 million in market value.

13. EOS

240.

EOS is a token that was originally built on the Ethereum network but later became associated with the EOS Network. EOS has been available to trade on the Coinbase Platform since approximately May 30, 2019.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

241.

EOS was originally issued by Block.one, a Cayman Islands-registered technology company that was established in 2016, and developed the EOSIO software, an operating system that would underlie one or more anticipated EOSIO-based blockchains. From June 26, 2017, through June 1, 2018, Block.one conducted a "token distribution," or "initial coin offering" ("ICO"), in which it publicly offered and sold 900 million EOS (then an ERC-20 Token built on Ethereum), in exchange for the cryptocurrency Ether, to raise capital to develop the EOSIO software and promote the launch of EOSIO-based blockchains. Block.one raised Ether worth several billion dollars from the general public, including a portion from U.S. residents.

242.

The EOS.IO Website stated that the proceeds of the ICO would be "revenue" of Block.one, and that it "intends to use certain of the proceeds for general administration and operating expenses, as well as to build a blockchain consulting business focusing on helping businesses re-imagine or build their businesses on the blockchain, developing more open source software that may be helpful to the community and building decentralized applications using EOS.IO Software." Block.one told investors that their profits were tied to those of Block.one, explaining it had allocated 10 percent of the EOS tokens—which Block.one called "Founders tokens"—to "ensure that block.one has aligned interests with those participating in the EOS Token distribution."

243.

As set forth in the Token Purchase Agreement, which was posted on the EOS.IO Website, and in other public statements, the ERC-20 Token was not the same token that eventually would be used on any anticipated EOSIO-based blockchains. Rather, the ERC-20 Token was designed to become fixed and nontransferable on the Ethereum blockchain (a different blockchain platform) at the close of the ERC-20 Token sale, meaning that while a record of past transactions could be confirmed on the Ethereum blockchain, new transfers of the

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

ERC-20 Token could not occur on the Ethereum blockchain and the smart contract would have no further functionality at that point. Beginning in December 2017, Block.one began to release beta versions of the EOSIO software and explained that once the official version was published under an open-source software license, anyone could view the software's code and use it to configure and launch blockchains (such as the EOS Blockchain, which would be a different blockchain than an Ethereum blockchain). As anticipated, on June 1, 2018, Block.one's ICO closed, and the ERC-20 Token—which prior to this time had been transferrable in secondary market transactions—became fixed and nontransferable. In addition to the EOSIO software, Block.one developed a "snapshot tool" that when used in conjunction with EOSIO, would allow any developer to launch a blockchain that, upon their election, could also contain the final ERC-20 Token register of accounts. Block.one advised that ERC-20 Token holders would need to register their token ownership through a smart contract on the Ethereum blockchain in order to be eligible to receive any native EOSIO-based blockchain tokens utilizing the snapshot tool, if and when those blockchains launched. On June 14, 2018, the EOS Blockchain, the first EOSIO-based blockchain, was launched. The ERC-20 Tokens sold in the ICO remain fixed on the Ethereum blockchain, and the ERC-20 Tokens cannot be transferred.

244.

Block.one undertook efforts for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the U.S. for the ERC-20 Tokens, including by engaging in directed selling efforts. Among other things, Block.one participated in blockchain conferences in the U.S., including a prominent conference held in New York City in May 2017, to promote Block.one and which at times also promoted its ICO. In connection with the May 2017 Conference, Block.one advertised EOSIO on a large billboard in Times Square on May 22, 2017, promoted EOSIO in informal informational sessions, and hosted a post-conference reception. Block.one also promoted its proposed business and ICO to U.S.-based persons on the EOS.IO Website and through various social media and forum posts. The EOS.IO Website, White

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Paper, and other promotional statements were accessible to purchasers and potential purchasers, and viewable by U.S. persons. In addition, ERC-20 Tokens were traded and widely available for purchase on numerous online trading platforms open to U.S.-based purchasers throughout the duration of the ICO. Block.one did not take any steps to prevent the ERC-20 Tokens from being immediately resaleable to U.S.-based purchasers in secondary market trades.

245.

Block.one offered ERC-20 Tokens in order to raise capital and build a profitable enterprise. Investors in the ERC-20 Token reasonably expected to profit if Block.one were successful in doing so.

246.

At the time the ICO launched in June 2017, Block.one did not have any product in place, and its proposed software was largely conceptual. Purchasers would have understood that Block.one was a for-profit entity. Block.one stated that the ICO proceeds were "revenue" of the Company, and that it would use the proceeds to build a profitable enterprise by, among other things, developing the EOSIO software and promoting the widespread adoption of EOSIO and launch of anticipated EOSIO-based blockchains. Purchasers thus would have understood that Block.one's success in building and promoting the EOSIO software and promoting the launch of one or more EOSIO-based blockchains would make their token purchase profitable. In January 2018, seven months into the 12-month ERC-20 Token offering, Block.one announced that it would invest $1 billion from the offering proceeds to "offer[] developers and entrepreneurs the funding they need to create community driven businesses leveraging EOSIO software." In describing Block.one's plans to invest the proceeds of the ERC-20 Token sale to fund businesses that would use, directly or indirectly, an EOSIO-based blockchain, Block.one stated that "the money we spent on those initiatives will be returned value for the network" and that the money raised in the ICO would be spent wisely to fund development of EOSIO-based blockchains. Over the approximately year-long ICO, ERC-20 Token purchasers' expectations were primed by

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Block.one's marketing of the ERC-20 Token and anticipated EOSIO blockchains. To market the ERC-20 Token, Block.one created the EOS.IO Website and published an EOS White Paper and an "Introduction to EOS" technical paper. During the ICO, Block.one also was developing EOSIO software and released beta versions of the software to the public. Its founders also published articles and blog posts to promote the EOSIO software, and actively engaged U.S. purchasers and potential U.S. purchasers on social media, online message boards, and other outlets. In the course of marketing the EOSIO software, Block.one encouraged U.S. purchasers to rely on the founders' expertise and vision to secure the widespread adoption of the EOSIO software and anticipated launch of one or more EOSIO blockchains.

247.

According to Coinbase, the EOS Network was built by bootstrapping based off a snapshot from Block.one's "initial coin offering" (ICO). The official EOS website includes an "EOSIO strategic vision" stating that "[a]s a contributor to the growth of the EOSIO™ software, Block.one is committed to working with the community to develop a platform that will strengthen and grow the ecosystem," with the goal of "mak[ing] EOSIO the fastest, most scalable, and easiest to use blockchain in the world." The website further states, "[t]his outline of our vision for EOSIO represents directional areas where Block.one strives to continually explore the advancement of the software in close collaboration with the community over the next few years," and "[a]s the needs of the community and software platform continue to grow we expect to iterate and prioritize these enhancements to continue making EOSIO the most performant blockchain software in the market." The EOS website contains a link to BlockOne's website under its "About Us" page, under the subheading "Corporate." BlockOne's website, in turn, contains information about BlockOne's "leadership" team, with biographies touting the experience and expertise of its CEO, Chief Strategy Officer, Chief Financial Officer, and General Counsel.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

248.

EOS peaked at a price of approximately $22.71 per token with a market capitalization of approximately $18.1 billion on April 29, 2018. As of April 15, 2025, it traded at about $0.60 with a market capitalization of approximately $907 million—reflecting a price drop of more than 97% and a loss of approximately $17.2 billion in market value.

14. FIL

249.

"FIL" is the native crypto asset of the Filecoin network. FIL can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms and has been available for trading on the Coinbase Platform since approximately December 2020.

250.

The Filecoin network is an open-source data storage network that runs on a blockchain, created by Protocol Labs, Inc. ("Protocol Labs"), which describes itself as a research, development, and deployment lab for network protocols. Coinbase has advertised that "Filecoin seeks to address the challenge of inefficient file storage and retrieval by providing an efficient set of tools and its core development, IPFS."

251.

In or around July 2014, Protocol Labs and its founder and CEO, Juan Batiz-Benet ("Benet"), published a white paper entitled "Filecoin: A Cryptocurrency Operated File Storage Network," which Protocol Labs updated approximately three years later, setting forth a "path toward the construction of the Filecoin network."

252.

In 2017, Protocol Labs conducted a two-part token sale: first, an "Advisor Sale" for advisors of Protocol Labs and Filecoin, and, second, a "Public Sale" for the broader community, but supposedly limited to "accredited investors" (collectively, "2017 FIL Sales"). Investors could use U.S. Dollars and certain crypto assets to buy Filecoin. During the July 2017 Advisor Sale,

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Protocol Labs sold FIL to approximately 150 investors, including individuals as well as institutional investors and other entities. These investors paid $.075 per FIL and were offered "vesting/discount choices of 1-3 years and 0-30% discount." In the August 2017 Public Sale, the FIL price was set based on a "public sale price function," described as "price = max ($1, amountRaised / $40,000,000) USD/FIL" and increased thereafter based on the amount sold. As with the Advisor Sale, investors who purchased FIL in the Public Sale received discounted pricing if they agreed to longer vesting periods.

253.

In connection with the 2017 FIL Sales, which were effected pursuant to SAFTs, Protocol Labs filed forms with the SEC claiming an exemption from registration under Rule 506(c) of Regulation D for the offerings of FIL pursuant to SAFTs. Protocol Labs reported that they raised more than $205 million for the development of Filecoin in the 2017 FIL Sales. Coinbase itself advertises that Filecoin "accumulated $205 million in an initial coin offering (ICO) in 2017." Protocol Labs pooled investment proceeds from the token sales to fund the development and growth of the Filecoin network.

254.

On October 15, 2020, Protocol Labs launched the mainnet (a publicly accessible version of the network) of the Filecoin network, and FIL began being minted and distributed. Protocol Labs stated that the maximum supply of FIL would be 2,000,000,000 FIL, meaning that no more than 2 billion FIL will ever be created. Since the October 2020 launch, Protocol Labs, using funds from the sale of FIL, has continued to develop, expand, and promote the Filecoin network. Based on the information Protocol Labs publicly disseminated, including after the initial FIL sales, FIL holders, including those who have purchased FIL since December 2020, reasonably viewed FIL as an investment in and to expect to profit from Protocol Lab's efforts to grow its protocol, which, in turn, would increase the demand for and the value of FIL.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

255.

The Protocol Labs Filecoin team stated that "[t]he Filecoin Sale was a critical milestone in the lifetime of the project. It raised the funding necessary to grow our team, to create the network, and build all the software tools needed to operate and use the network." They further stated, "Filecoin success will reward the investment of supporters like you by simultaneously driving down the cost of storage and increasing the value of the Filecoin tokens that incentivize miners to provide storage. We're thrilled by your widespread, enthusiastic interest and look forward to staying engaged and including you in our success."

256.

Benet and the Filecoin team provided further information about the 2017 FIL Sales and the Filecoin network in a document titled, "Filecoin Token Sale Economics," which stated:

> Protocol Labs requires significant funding to develop, launch, and grow the Filecoin network. We must develop all the software required: the mining software, the client software, user interfaces and apps, network infrastructure and monitoring, software that third-party wallets and exchanges need to support Filecoin, integrations with other data storage software, tooling for web application and dapps to use Filecoin, and much more. We must deploy the network, facilitate its growth to large scale, market to and onboard miners and clients, bring key partners into the eco system, and much more.

257.

According to the "Filecoin Token Sale Economics" document, FIL would be distributed to groups "critical to the network's creation, development, growth, and maintenance." The allocation of FIL among these groups aligned Protocol Labs' interests, and potential profits, with those of FIL investors:

- 70% to Filecoin miners – "For providing data storage service, maintaining the blockchain, distributing data, running contracts, and more."
- 15% to Protocol Labs – "For research, engineering, deployment, business development, marketing, distribution, and more."
- 10% to Investors – "For funding network development, business development,

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

partnerships, support, and more."

- 5% to a "Filecoin Foundation" – "For long-term network governance, partner support, academic grants, public works, community building, etc."

258.

The document further explained: "We have structured the token sale to reward a large group of people that can help us build the [Filecoin] network, by selling Filecoin at what we think is a much lower price than it will be worth some day (caveat: as with any risky investment of course we cannot make guarantees or predictions)." A July 2017 blog post similarly noted that the Advisor Sale was intended, in part, to secure "long-term commitment to and alignment with the Filecoin network" and "to reward their contributions so far and/or future potential with the capability to invest early."

259.

Filecoin represented in the "Filecoin Token Sale Economics" and another document entitled "Filecoin Primer," which also was available to investors ahead of the 2017 FIL Sales, that Filecoin purchasers would be able to sell the token on crypto asset trading platforms in the future.

260.

The Filecoin Primer also touted "Large Scale Value Creation," explaining: Filecoin Network "will create value in a number of ways, and the total impact of the network can be tremendous. Growth of the network will drive demand for the token. The more value created by the Filecoin Network, the more things people and organizations spend Filecoin on, and the greater the value and worth of the token." Similarly, a Confidential Private Placement Offering Memorandum in connection with the 2017 FIL Sales stated: "[a] significant portion of the proceeds of the Offering will be used by the Company to achieve the Minimum Viable Product and subsequently to build-out a decentralized storage network, powered by a blockchain and the Filecoin protocol token."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

261.

Protocols Labs has consistently touted its expertise and ability, and publicized its work to develop the Filecoin network. In an August 2, 2017 Q&A, Benet stated: “Over the last few years, Protocol Labs has proved to the world that we know how to deploy capital to create valuable projects, valuable technology, and valuable software … We know how to deploy capital effectively. We have great plans for the Filecoin network and its surrounding ecosystem, at many levels of funding. We plan to deploy 100s of millions of dollars over the next few years to make Filecoin the world’s best storage network, not just the best decentralized storage network.” Benet further stated: “[s]ince we think and are working for Filecoin to be worth a lot more in the future, then we naturally want to sell it at the highest price the market will bear. Subject to reason, if we can sell it higher, then we should.”

262.

Benet also explained publicly that Filecoin needed funding in order to be able to compete: “Our (collective) competition is the massive, centralized cloud storage companies. We are talking about the tech titans – AWS, Google Cloud, and Microsoft Azure – the three biggest companies in the world have cloud businesses with BILLIONS of dollars in revenues, not just funding. In order to put up this fight, we will need significant resources. Yes, resources in the hundreds of millions will empower us to develop Filecoin as fast as we can, as well as the dozens of other tools and services required to make Filecoin a service and ecosystem remotely close to competitive with the centralized counterparts.”

263.

The economic structure of FIL distribution and public statements about that structure further demonstrated that FIL investors’ interests were aligned with those of Protocol Labs and the Filecoin Foundation. Specifically, the tokens allocated to Protocol Labs and Filecoin Foundation were to vest over a six-year period beginning after the network launch. As stated in the “Filecoin Token Sale Economics” document, Protocol Labs and the Filecoin Foundation

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

"aim[ed] to make Filecoin massively valuable in the long-term, and we want to attract investors similarly interested in long-term value creation and growth" and "[v]esting creates long-term alignment" because "Protocol Labs and the Filecoin Foundation are deeply committed for the long-term, and 6-year vesting boldly proves that to all other network participants." Based on this publicly available information, FIL purchases reasonably viewed FIL as an investment and expected to profit from Protocol Labs' and the Filecoin Foundation's efforts.

264.

Filecoin has also implemented a process to burn FIL tokens, thereby reducing the FIL supply. Based on this marketed burning of FIL, investors reasonably viewed their purchase of FIL as having the potential for profit.

265.

Protocol Labs continued to be heavily involved in the development and promotion of the Filecoin network after the release of the Filecoin protocol in October 2020. In late 2021, Raul Kripalani, a Protocol Labs Researcher, introduced the "Filecoin Virtual Machine" ("FVM"), described as a "core pillar in the next evolution of the decentralized storage ecosystem." On November 6, 2022, Kripalani tweeted, "These were amazing weeks for the #FVM + team. Momentum and expectation are through the roof. 100s of teams building on the Wallaby testnet. Many promising @Filecoin apps to launch on mainnet the minute FEVM kicks in. Pumped to be building the future of $FIL with these rockstars!" The Protocol Labs Twitter account posted updates regarding FVM through at least July 2024.

266.

The Protocol Labs team has continued to release "roadmaps" or "master plans," available online and through recorded video presentations, that showcase future development plans for the Filecoin network. For example, in September 2022, Benet presented "The Filecoin Masterplan," including plans to develop the world's largest decentralized storage network, in his keynote

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

address at FIL-Singapore, which "gathered builders from around the world to build, share experiences, and hear from other community members on what's next for the network."

267.

In a February 3, 2023 Protocol Labs Blog post addressing the impact of the "crypto winter" economic downturn, Benet touted the Filecoin team's supposed successes to date in growing the Filecoin ecosystem, stating: "[w]e've achieved a tremendous amount in the past several years - from Filecoin launch; to scaling IPFS to millions of users; building one of the fastest growing developer ecosystems; supporting 300+ companies across the network; growing movements like SBS and FTC; launching testnets for FVM, Saturn, SpaceNet, and Bacalhau just last quarter; and much more."

268.

As recently as January 29, 2025, a Protocol Labs Blog post "reflect[ed] on the remarkable progress made across the Protocol Labs innovation network over the past 12 months," including "empower[ing] over 600 teams, projects, and movements to tackle challenges in our three focus areas—establishing digital human rights, upgrading our economies and governance systems, developing safe new breakthrough tech—and beyond." Protocol Labs further stated that "[t]he momentum we've built is driving us into 2025 and PLv11 with ambitious goals and renewed energy."

269.

FIL peaked at a price of approximately $236.84 per token and a market capitalization of approximately $14.8 billion on April 1, 2021. As of April 15, 2025, it traded at around $2.42 with a market capitalization of approximately $1.6 billion—reflecting a price drop of approximately 99% and a loss of approximately $13.2 billion in market value.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

15. FLOW

270.

FLOW is the native token for the Flow blockchain, a purportedly developer-friendly blockchain that Dapper Labs, an entity incorporated in Canada, developed and eventually launched in 2020. Flow was purportedly designed as "the foundation for a new generation of games, applications, and the digital assets that power them."

271.

FLOW can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms and has been available for trading on the Coinbase Platform since approximately May 2022. In fact, Coinbase advertised that "[f]ortunately in United States, you can buy Flow on Coinbase's centralized exchange," and that "Coinbase is the most trusted place for people and businesses to buy, sell, and manage Flow" because "[i]t's quick and easy." Coinbase went on to tout the Flow network's anticipated "significant upgrade" which will allow for "more efficient data exchange format, new streaming [application programming interfaces], and a potential increase in transaction throughput."

272.

Flow claims on its website that its proof-of-stake blockchain is faster and more efficient than other blockchain networks due to, among other things, its "multi-node architecture." This design separates functions across multiple validator nodes that traditionally are performed by one validator (collection, consensus, execution, and verification).

273.

Between 2019 and 2020, Dapper Labs raised approximately $24.6 million in "pre-launch" funding, including from Coinbase Ventures (the investment/venture capital arm of CGI), in return for convertible notes.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

274.

Dapper Labs also conducted sales of FLOW for which it filed forms with the SEC claiming that the sales were exempt from registration under Rule 506(b) of Regulation D, including one on September 12, 2019 covering sales to 31 investors in the total amount of approximately $11.2 million, and two others on December 9 and 15, 2021, each for sales to a single investor in the amount of approximately $6.47 million and $23 million, respectively.

275.

On its website, Flow states: "[FLOW] is the exclusive token for staking, delegating, paying transaction fees, and paying storage fees. It is also the primary token used for trading assets and experiences on Flow." Approximately 1.25 billion FLOW tokens were initially created. As of November 2023, all of the initially-created FLOW tokens were in circulation along with approximately 220 million additional FLOW tokens issued for staking rewards.

276.

FLOW tokens are required to interact with the Flow blockchain. Accordingly, the efforts of Dapper Labs and the Flow development team to develop and increase demand for the Flow blockchain network would increase demand for, and therefore the value of, FLOW tokens. Moreover, Dapper Labs and the Flow development team retained a significant quantity of FLOW tokens, giving them a common interest with investors in the value of FLOW. Dapper Labs and the Flow development team have promoted this dynamic through the publicly available information they disseminated.

277.

Based on the information Dapper Labs and the Flow development team publicly disseminated, FLOW purchasers, including those who purchased FLOW since May 2022, reasonably viewed FLOW as an investment in and expected to profit from Dapper Labs' and the Flow development team's efforts to grow the Flow protocol, which, in turn, would increase the demand for and the value of FLOW.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

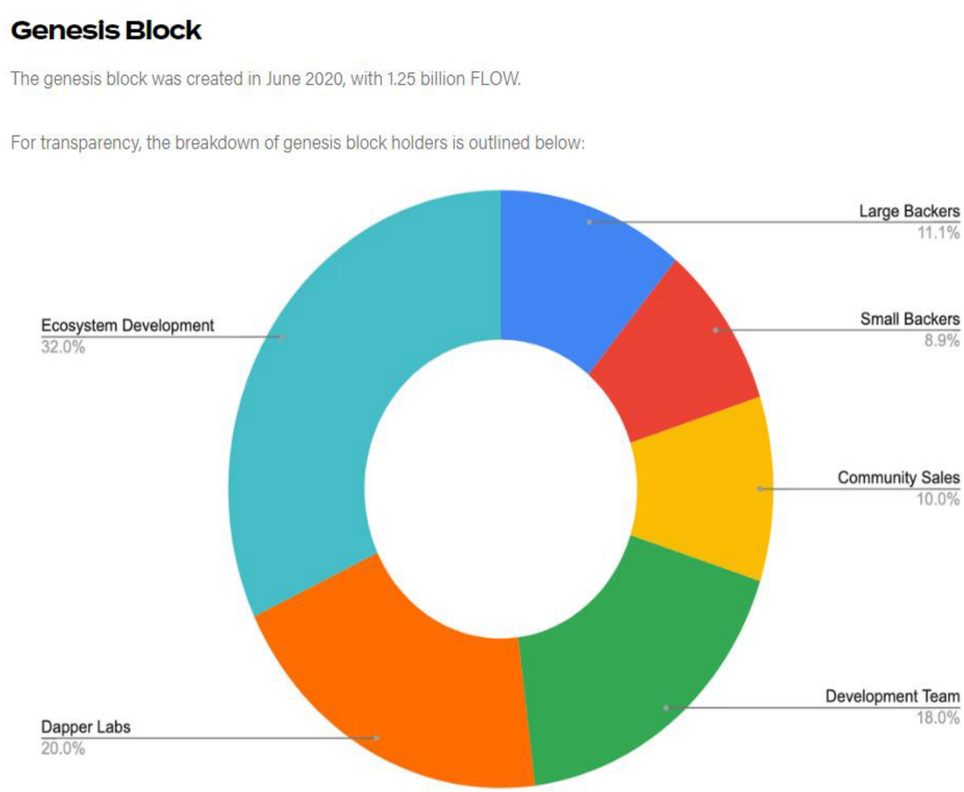
KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

278.

For example, Flow stated on its website that Dapper Labs and the Flow development team collectively received 38% of the total FLOW supply; pre-launch backers and participants in the 2020 token sale received 30%; and 32% was set aside for "ecosystem development" and remains under the control of Flow's management. This last group of tokens, according to the website, are used to "bootstrap adoption and reward early participants in the network."

279.

Below is a graph depicting the initial or "Genesis Block" token distribution of FLOW:



280.

This stated distribution of FLOW aligned the fortunes of FLOW holders with each other and with the fortunes of the Flow development team.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

281.

Flow also discussed its development team and its ability to grow and develop the Flow blockchain and the value of the FLOW token on its website. For example, the website states that Flow was "[d]eveloped by the team behind some of the most successful crypto applications on the Ethereum network" and "Flow has been developed and brought to market by one of the most innovative and interdisciplinary teams in the world." Similarly, Coinbase has touted that "Flow was created by a team that has consistently delivered consumer-scale experiences, including CryptoKitties, NBA Top Shot, and NFL ALL DAY."

282.

Indeed, according to the Flow website, since the launch of the Flow blockchain in or around December 2020, "Flow's ecosystem has grown from a small group of enthusiasts to a global community of over 10,000 developers, over 17 million user accounts, and over 2 million monthly active wallets" as a result of Dapper Labs' and the Flow development team's efforts.

283.

In addition, Dapper Labs' announcement of the Flow blockchain, in or around September 2019, highlighted its involvement with other successful crypto projects and funding support it had received from various investors. And, at a 2022 town hall, Dapper Labs and the Flow development team explained planned development activities for 2023, including continued development to support the consumer-scale adoption of blockchain technology. Further, the Flow website describes the FLOW token as a "low-inflation" asset—meaning that the only new tokens that would purportedly be issued would be distributed to stakers of the token so that FLOW investors' holdings would not be diluted.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

284.

Dapper Labs has continued to tout the development of the Flow protocol, announcing as recently as October 2024 that "[t]he latest update to Flow (Crescendo) was the biggest upgrade to the network since genesis" and noting that, "[s]ince upgrading to Crescendo, Flow has seen … thousands of new smart contracts on the platform." A March 10, 2025 post on Flow's website further states that "Flow's DeFi ecosystem took major strides since the launch of Crescendo in September 2024, driven by new integrations, innovative platforms, and record-setting user activity."

285.

FLOW peaked at a price of approximately $42.40 per token on April 5, 2021, and reached its highest market capitalization of approximately $5.3 billion on October 16, 2021. As of April 15, 2025, it traded at around $0.35, with a market capitalization of approximately $543 million—reflecting a price drop of more than 99% and a loss of approximately $4.8 billion in market value.

16. ICP

286.

"ICP," previously called "DNF" and rebranded as ICP in 2021, is the native token of the "Internet Computer Protocol," a blockchain-based protocol conceived in 2016 by DFINITY Foundation ("DFINITY"), a Swiss non-profit, with offices in Palo Alto and San Francisco. ICP can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and has been available for trading on the Coinbase Platform since approximately May 2021.

287.

DFINITY describes the Internet Computer as a set of protocols that allow independent data centers around the world to band together and offer a decentralized alternative to the current

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

centralized internet cloud providers and ICP as the token designed to interact with these systems, including to provide for processing power, data storage, and network bandwidth.

288.

In an April 8, 2017 Medium post, DFINITY's founder, Dominic Williams, referred to the Internet Computer as an "intelligent decentralized cloud." At a 2020 Blockchain conference, Williams further promoted the protocol as a more efficient replacement for big tech cloud services, servers, databases, and other services.

289.

Between 2017 and 2018, DFINITY conducted three funding rounds. In the first two "Seed" and "Strategic" rounds, DFINITY sold rights to future ICP tokens, which did not yet exist, for over $100 million in fiat currencies and cryptocurrencies. In mid-2018, with a third "Presale" round, DFINITY raised another approximately $70 million by selling rights to receive future ICP tokens.

290.

According to a post released by DFINITY on its website on or about May 10, 2021, when the network launched, the rights to "access" the ICP received in the seed round funds were staggered from 0 to 90-plus days. On or about November 19, 2022, Williams tweeted that purchasers in the initial "Seed" round "made out like bandits" when they purchased ICP for $0.03.

291.

ICP tokens first became available on multiple crypto asset trading platforms on or about May 10, 2021, when the network launched. At launch, DFINITY minted a total of 469 million ICP tokens.

292.

DFINITY publicly disseminated information based on which ICP purchasers, including those who purchased ICP since May 2021, reasonably viewed ICP as an investment in and

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

expected to profit from DFINITY's efforts to develop, expand, and grow the Internet Computer protocol, which, in turn, would increase the demand for and the value of ICP.

293.

For example, DFINITY stated publicly that it would use the proceeds from ICP sales to fund development, marketing, business operations, and growth and promotion of the Internet Computer protocol, and thus demand for its ICP token. In fact, DFINITY distributed approximately 26% of the ICP issued in the public launch to support the Internet Computer platform and to pay staking rewards through the Internet Computer ecosystem. Another 33.36% of ICP was distributed to compensate DFINITY employees, advisors, founders, and other early contributors, aligning their financial fortunes with those of ICP investors.

294.

In an April 4, 2018 Medium post leading up to the "Presale" funding round, Williams touted: "DFINITY has received inbound interest from hundreds of private accredited entities such as hedge funds." Indeed, a number of venture capital firms invested in ICP.

295.

Coinbase's website highlights DFINITY's fundraising and the scale of its operations, stating, "In February 2017, the DFINITY Foundation ran an early public Initial Coin Offering (ICO) to raise funds and scale out its open-source project. This was then supplemented by private fundraising rounds in 2018. By mid-2022, DFINITY employed almost 300 people, primarily in R&D. Researchers worldwide contribute to the foundations' work — including cryptographers who hold around 100,000 academic citations and 200 patents."

296.

Furthermore, from ICP's inception through today, DFINITY has publicly stated that its key developers, including Williams, have been and continue to be heavily involved in Internet Computer and have promoted their dedication to grow the network and increase the value of ICP.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

297.

For example:

- On June 27, 2020, Williams tweeted: "[t]he Internet Computer proj is propelled by extraordinary investments in R&D. DFINITY has assembled one of the strongest science & engineering teams in tech, across several research centers worldwide. This team has been relentlessly pushing blockchain ambition to new levels."
- On December 19, 2021, Williams tweeted: "[t]here's nothing we can do to control the price, but we feel the pain same as everyone else. There has been a lot of market manipulation by bad people but we remain focused on taking #ICP to the #1 spot."
- On January 25, 2023, Williams tweeted: "[w]hen I look at [crypto asset pricing services], I don't look at the $ price, I look position. $ICP needs to be in the top 3, and I will work tirelessly to help get it there."

298.

Coinbase has touted Internet Computer as "a fundamental alternative to the current solution, so that developers can build, host, and serve applications in a more decentralized way — allowing websites to be deployed directly onto the public Internet." Coinbase has further claimed that "[i]ts innovative design and vision position the Internet Computer as a scalable and efficient platform for building almost any online system or service, including demanding web applications, without the need for traditional IT infrastructure."

299.

In May 2021, the month it was launched for public trading, ICP's price reached an intraday high of $630. Approximately one month later, the price of ICP had plummeted to $59. Around this time, Williams began making public statements indicating the price of ICP would increase again. For example, on June 10, 2021, Williams tweeted, "Major [venture capital] firms … hv [sic] long-term strategies & generally don't panic dump. Their focus is on moonshots because that's what generates their primary returns. We all need to keep our focus on horizon.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Watch what happens in +6/9 months." On September 3, 2021, Williams tweeted, "ICP seed investors' 2000X gains; crypto's largest research org; most advanced blockchain; ferocious growth."

300.

In January 2022, DFINITY promoted in an ICP white paper that it burns ICP tokens as a mechanism to support the price of ICP by reducing their total supply. On January 20, 2023, Williams tweeted, "$ICP will eventually become deflationary"—meaning its supply will be reduced over time. On a Dashboard on its website, DFINITY calculates the ongoing cycle burn rate, reflecting the number of ICP tokens burned. As with other crypto securities set forth herein, DFINITY's marketed burning of ICP as part of a "deflationary" mechanism has led investors reasonably to view their purchase of ICP as having the potential for profit.

301.

ICP peaked at a price of approximately $700.65 per token on May 10, 2021, and reached its highest market capitalization of approximately $22.3 billion on May 21, 2021. As of April 15, 2025, it traded at around $4.80, with a market capitalization of approximately $2.3 billion—reflecting a price drop of more than 99% and a loss of approximately $19.9 billion in market value.

17. LCX

302.

LCX is an Ethereum token associated with the Liechtenstein Cryptoassets Exchange ("The LCX"). LCX can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, LCX has been available for trading on the Coinbase Platform since approximately October 27, 2021.

303.

The LCX operates crypto-related services, including a crypto asset exchange and a trading terminal. On its website, The LCX states that its LCX token is the only way to pay for

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

certain services offered by The LCX, such as participation in a token offering event. The LCX offers a discount to those using LCX tokens to pay for certain other services that it offers. Among other things, LCX purportedly earns value from fees collected from trading, including "offerings," on the platform. As Coinbase has advertised, "[t]he LCX Token can be used to sign, encrypt, and secure digital assets on the blockchain, potentially making it a participant in the future of tokenization." And Coinbase has touted that LCX "represents a new asset class, merging the benefits of blockchain technology with the stability of traditional financial instruments."

304.

In September 2019, The LCX held an offering for 100 million LCX tokens, priced at $0.06. Since the September 2019 offering, LCX has burned 50 million tokens to limit supply. At the time of the offering, the exchange was operational, although management has continued to develop other features.

305.

The LCX touts that purchasing LCX is an opportunity to participate in a growing platform. On October 3, 2019, The LCX posted interviews of CEO Monty Metzger ("Metzger") to Twitter, encouraging users to learn about how The LCX is "building a #blockchain ecosystem." On its website, The LCX states that the "LCX Token is your chance to be a part of LCX's vision to bridge the gap between traditional finance and the new monetary world powered by blockchain and cryptocurrencies." In the October 2019 "LCX Vision Paper," The LCX explained that public offerings were a way for new enterprises to raise money for development: "Initial Coin Offerings . . . are the first hints at this disruption, providing public market liquidity and democratizing early stage venture capital."

306.

LCX also claims that, through the LCX token, the interests of investors and management are aligned. In multiple locations on its website, including postings titled "LCX Token Key

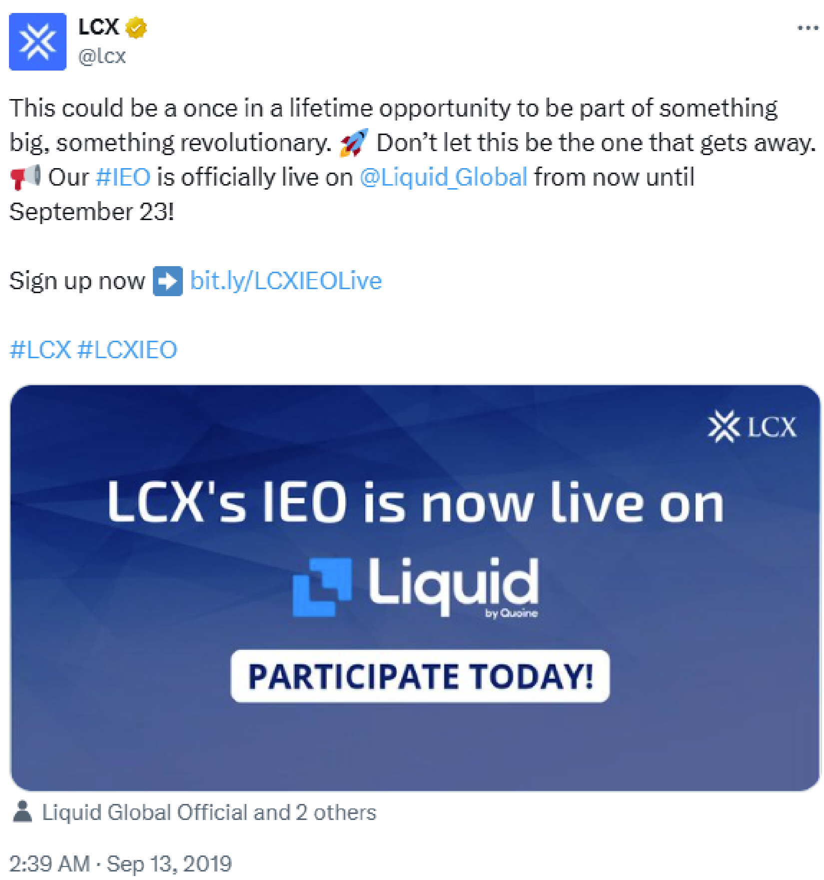
COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Facts," and "LCX Token – Company Reserve," The LCX stated that it owned 10.5% of the LCX token supply, and that The LCX "team" and advisors also held tokens. The LCX further stated that tokens held by the "team" and advisors vested over a 36-month period, and that tokens in The LCX reserve could not be accessed until 2023.

307.

The LCX has emphasized that LCX will appreciate in value as its platform adds both users and services, particularly because there is a finite number of LCX tokens. For example, on September 13, 2019, touting its the initial exchange offering (an initial offer and sale of a crypto security on a crypto trading platform), or "IEO," of the LCX token, The LCX tweeted "[t]his could be a once in a lifetime opportunity to be part of something big, something revolutionary. [rocket emoji] Don't let this be the one that gets away. [bullhorn emoji] Our #IEO is officially live . . ."



COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

308.

On January 12, 2021, The LCX posted on its website "LCX Token Key Facts," where it stated that it had burned 50 million tokens between 2019 and 2020 in five token burns. The LCX states elsewhere on its website that coin burns increase a token's value because "when the total supply of coins in circulation is intentionally decreased, the prices of tokens and coins are increased and further stabilized." The webpage for the LCX token also shows the token's current secondary market information, including rank, price, and trading volume.

309.

The LCX has also continued to emphasize the profit potential of LCX for investors and LCX's availability for trading on secondary markets, taking steps to have LCX listed on exchanges. For example:

- Between 2019 and 2022, the LCX Insights articles touted LCX's listing on over 15 secondary trading platforms. For example, after LCX was listed on Coinbase, The LCX posted documents on its website in November and December 2021 stating that LCX "hit an all-time high of $0.7048" and that trading volume grew more than 1000%.
- In a May 2022 "Ask Me Anything" posted on its website, The LCX explained that engaging with institutional investors leads to opportunities to expand LCX trading in secondary markets: "Maybe our community wants to ping [a trading platform] on twitter and let them know that you want LCX to be listed . . . ."
- On November 12, 2020, The LCX promised on Twitter to honor the market value of LCX, or a minimum value of $.10, whichever is greater.

310.

The LCX has emphasized the role and efforts of its managers and others to the success of the company. For example:

- The LCX claimed to be operated by a central management team that is "building a financial ecosystem for crypto and fiat alike to become the new category leader in the blockchain

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

industry."

- During a July 2022 interview, Metzger described plans to "revamp" The LCX exchange to improve functionality and add new features.
- "Roadmaps" on The LCX's website list various improved capabilities and offerings, and states that The LCX eventually hopes to have "Billions of Assets under Management."
- The LCX website has a photo of its CEO pointing to an advertisement for LCX.com and LCX tokens that stated in part, "Goodbye Goldman."

311.

LCX peaked at a price of approximately $0.56 per token on November 3, 2021, and reached its largest market capitalization of approximately $309 million on March 31, 2024. As of April 15, 2025, it traded at around $0.13, with a market capitalization of approximately $124 million—reflecting a price drop of more than 76% and a loss of approximately $185 million in market value.

18. LINK

312.

LINK is an Ethereum-based token associated with the Chainlink protocol, a platform for providing real-world data feeds for blockchain-based smart contracts. LINK has been available for trading on Coinbase platform since approximately June 26, 2019.

313.

Chainlink was developed by Sergey Nazarov and Steve Ellis in 2017. According to Coinbase's website, Nazarov had previously co-founded several tech companies, including SmartContract, a platform that sought to connect smart contracts to external data and bank payments. Ellis worked as a software engineer before co-founding Secure Asset Exchange, a company that aimed to facilitate easy web access to a decentralized asset exchange.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

314.

According to Coinbase, Chainlink "allows smart contracts on Ethereum to securely connect to external data sources, [application programming interfaces], and payment systems." Chainlink has stated that its platform "enable[s] the utilization of tokenized assets and supports a thriving onchain finance ecosystem." Coinbase further describes Chainlink as "seek[ing] to provide secure, tamper-proof data feeds that enable blockchain-based applications to interact with external systems" through a "network consist[ing] of independent node operators who retrieve, verify, and deliver off-chain data to smart contracts." "By enabling decentralized access to real-world inputs, Chainlink supports various use cases across decentralized finance (DeFi), insurance, and automated blockchain applications."

315.

Coinbase further explains that "Chainlink operates through a decentralized network of oracle nodes that collect, validate, and transmit external data to smart contracts on different blockchain networks. These oracles aggregate data from multiple sources to ensure accuracy before delivering it to smart contracts. The network utilizes staking, where node operators lock LINK tokens as collateral to incentivize honest behavior. Nodes that provide incorrect data risk losing a portion of their staked tokens, reinforcing data integrity and reliability within the ecosystem."

316.

In September 2017, Chainlink raised $32 million through a presale and initial coin offering of LINK. In total, 35% of the total 1 billion LINK supply was distributed to early investors at an average sale price of $0.091. Another 35% (350 million LINK) was allocated to incentivize node operators and support the ecosystem's growth, and the remaining 30% (300 million LINK) was reserved for the Chainlink team to fund ongoing development and operational costs.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

317.

By investing in the LINK token, investors reasonably expected to earn profits as a result of the management and control exerted by Chainlink Labs, among other stakeholders. Entities and individuals responsible for the management of Chainlink include Chainlink Labs and Nazarov. Chainlink Labs's website has described it "a world-class team of over 600 developers, researchers, and capital markets experts with deep experience in cryptography and decentralized systems and a singular vision to build Chainlink into the global standard for onchain finance." It has further stated that Chainlink Labs's teams "focus on the core development, security, and innovation of Chainlink encompassing the departments responsible for creating and maintaining industry-standard technology." As of February 2025, Nazarov's LinkedIn profile described him as an active "Co-Founder" of Chainlink Labs. It further described him as "Building Chainlink, the industry-standard Web3 services platform that has enabled trillions of dollars in transaction volume across DeFi, insurance, gaming, NFTs, and other major industries" and noted that "[a]s the leading decentralized oracle network, Chainlink enables developers to build feature-rich Web3 applications with seamless access to real-world data and off-chain computation across any blockchain and provides global enterprises with a universal gateway to all blockchains."

318.

Chainlink has also disseminated statements to investors and the public about the growth and investment potential of Chainlink and the LINK token. In a blog post dated June 2022, for example, Chainlink announced how the introduction of LINK staking would "Generate Sustainable Rewards From Real-Long Term Use." Chainlink explained that:

- The third goal of staking is the creation and distribution of rewards to stakers. We expect that there will be various sources of rewards provided to stakers over time. As network adoption increases and more protocol fees are generated, a greater portion of staking rewards can be sourced from non-emissions-based sources.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

- **Native token emissions** from the LINK token supply will be used to create an initial base level of rewards for stakers, with the goal of tapering off over time as other sources of rewards grow and begin to be directed to stakers.
- **User service fees** from sponsors of Chainlink oracle services, with a portion directed to the stakers. The more users pay for Chainlink oracle services, the greater the amount of fees that can become available to reward stakers who help secure those services.

319.

Chainlink went on to explain that "[a]nother anticipated source of benefits for stakers is the **Partner Growth Program (PGP)—**an initiative where Chainlinked protocols and DAOs provide various incentives to accelerate their growth and facilitate cross-ecosystem participation. It's expected that a number of projects benefiting from Chainlink's security will take part in the Partner Growth Program."

320.

Also, Chainlink announced that they "are exploring the possibility of **loss protection**, which would drive additional user service fees from sponsors of Chainlink oracle services seeking protection against supported oracle networks not abiding by their SLAs" because "[t]he more value secured, the greater the potential demand for protection and the greater the amount of rewards potentially available to stakers.

321.

The blog post further touted Chainlink's growth and growth prospects as a platform, stating that "Chainlink is foundational infrastructure for the smart contract economy, supporting nearly a thousand oracle networks that collectively secure tens of billions of dollars across hundreds of projects." Additionally, "[w]ith Chainlink continually being integrated on more blockchains and supporting new categories of oracle services, it's important to further scale the security of Chainlink in order to match the increasing amount of value within Chainlink-powered

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

applications," and "[t]his new era of sustainable growth and security—Chainlink Economics 2.0—begins with staking."

322.

Coinbase has promoted LINK on its website. For example, in addition to promoting Chainlink's "use cases," Coinbase's webpage for LINK has included a "Bulls say" section stating (1) "Chainlink enables smart contracts to interact with external data, a connection that is crucial for many digital agreements that depend on real-world information;" (2) "a substantial majority of DeFi applications rely on Chainlink's oracle services to provide accurate and timely external data to smart contracts, which enhances the overall security and efficiency of their protocol"; and (3) Chainlink's recent collaboration with SWIFT to successfully transfer tokenized assets across multiple blockchains showcases its potential to bridge the gap between traditional finance and blockchain technology." Coinbase's webpage also featured a "Coinbase Bytes" article dated November 8, 2023 titled "Whale street: How big-money institutional investors are preparing for the next bull run," which stated "Institutions are showing rising enthusiasm for altcoins, with investment in products focused on" "Chainlink ($2 million)" and other crypto tokens "all growing last week."

323.

LINK peaked at a price of approximately $52.70 per token with a market capitalization of approximately $22.2 billion. As of April 15, 2025, it traded at $12.37 with a market capitalization of approximately $7.9 billion—reflecting a price drop of more than 76% and a loss of approximately $14.3 billion in market value.

19. MATIC

324.

"MATIC" is the native token of the Polygon blockchain. MATIC can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and has been available for trading on the Coinbase Platform since March 2021.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

325.

Polygon, originally called the Matic Network and rebranded as Polygon in 2021, is a blockchain platform created in 2017 by founders Jaynti Kanani, Sandeep Nailwal, and Anurag Arjun. Since its creation, Polygon's founders have remained actively involved with Polygon through "Polygon Labs" ("Polygon"), an entity they also founded for "the development and growth of Polygon."

326.

The Polygon network is an Ethereum scaling platform that purportedly: (1) enables developers to build scalable user-friendly dApps with low transaction fees, by hosting "sidechains" that run alongside the Ethereum blockchain; and (2) allows users to process transactions and initiate the transfer of assets and technology development more quickly on Polygon's supposedly less congested sidechain network.

327.

Polygon issued a fixed supply of 10 billion MATIC tokens. MATIC holders can earn additional MATIC for: (1) staking their MATIC on the Polygon platform and becoming a validator of transactions on the Polygon network, (2) delegating their MATIC to other validators in return for a portion of the fees collected from validating transactions; or (3) staking their MATIC through crypto asset platforms that offer staking services.

328.

According to a MATIC white paper, "Matic Tokens [we]re expected to provide the economic incentives … of the Matic Network [now Polygon] … [W]ithout the Matic Token, there would be no incentive for users to expend resources to participate in activities or provide services for the benefit of the entire ecosystem on the Matic Network."

329.

In or around 2018, Polygon sold approximately 4 percent of the total supply of MATIC in two early rounds of sales raising $165,000 at a price of $0.00079 USD per 1 MATIC and

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

$450,000 at a price of $0.00263 USD per 1 MATIC. In April 2019, Polygon sold another 19% of the total supply of MATIC to the public through an initial exchange offering on the Binance.com crypto asset trading platform at a price of $0.00263 USD per 1 MATIC, raising an additional $5 million to fund development of the network.

330.

Polygon publicly disseminated information based on which MATIC purchasers, including those who purchased MATIC since March 2021, reasonably viewed MATIC as an investment in and expected to profit from Polygon's efforts to develop, expand, and grow the Polygon protocol, which, in turn, would increase the demand for and the value of MATIC.

331.

For example, Polygon stated publicly in its white paper that it would pool investment proceeds through its private and public fundraising to develop and grow its business. Polygon engaged in additional MATIC sales following the April 2019 IEO, stating publicly that it was raising funds needed to support the growth of its network. On February 7, 2022, Polygon posted on its blog that it had raised approximately $450 million in a funding round from several prominent venture capital firms, through a purportedly private sale of its native MATIC token. Polygon reported, "[w]ith this warchest, the core team can secure Polygon's lead in paving the way for mass adoption of Web3 applications, a race that we believe will result in Ethereum prevailing over alternative blockchains." Polygon has also reported fundraising from other marquee and celebrity investors.

332.

Polygon also stated that it would reserve roughly 67% of MATIC to support the Polygon ecosystem, the Foundation, and network operations. Another 20% of MATIC was reserved to compensate Polygon team members and advisors, aligning their fortunes with investors' with respect to MATIC.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

333.

The Polygon blog continues to provide frequent updates on network growth and developments, including weekly statistics on active wallets and transactions per day, as well as revenue per day, total network revenue, and other financial metrics.

334.

Polygon routinely announces when crypto asset trading platforms have made MATIC available for trading, as in March 2021, when Polygon announced that MATIC was available for trading on the Coinbase Platform.

335.

Polygon encouraged MATIC purchasers to view MATIC as an investment in other ways. For example, in a February 5, 2021, tweet, 14 months after MATIC's single biggest price drop, Nailwal compared MATIC to a champion prize fighter roaring back from defeat given its subsequent "token price" performance and "breaking" of an all-time high ("ATH") price:

> I never talk about token price but if MATIC token had a spirit, breaking ATH 14 months after that ominous crash of 70% in day, it would echo the words from @DustinPoirier after becoming Champion
>
> "I've earned it in BLOOD, I paid in FULL, this is MINE!"

336.

On November 3, 2022, Nailwal tweeted: "I will not rest till @0xPolygon gets its well-deserved 'Top 3' spot alongside BTC & ETH. No other project comes even close." In a May 24, 2022, CNBC "Fireside Chat" posted on YouTube, Bejelic described part of "what's different about Polygon" as: "[w]e are as a team very, very committed, we have a very hands on approach with all the projects out there, we are working around the clock on adoption and that is why we are currently the most adopted scaling infrastructure platform."

337.

Polygon has also marketed that it "burns" MATIC tokens accumulated as fees, decreasing the total supply of MATIC. For example, in January 2022, Polygon emphatically

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

announced a protocol upgrade that enabled burning in a blog post titled, “Burn, MATIC, Burn!” Around the same time, Polygon blogged that “Polygon’s MATIC has a fixed supply of 10 billion, so any reduction in the number of available tokens will have a deflationary effect.” As of May 2023, Polygon had burned approximately 9.6 million MATIC tokens. By marketing its burning of MATIC, Polygon has led investors reasonably to view their purchase of MATIC as having the potential for profit to the extent there is a built-in mechanism to decrease the supply of MATIC, thereby increasing its price.

338.

Currently, the founders of Polygon continue to promote the platform through various social media. For example, on February 21, 2023, Nailwal tweeted, and Kanani retweeted, “Polygon has grown exponentially. To continue on this path of stupendous growth we have crystallized our strategy for the next 5 yrs to drive mass adoption of web3 by scaling Ethereum. Our treasury remains healthy with a balance of over $250 million and over 1.9 billion MATIC.”

339.

Coinbase’s webpage about MATIC includes “Polygon Insights” featuring what “Bulls say” and what “Bears say,” with the “bull” case for investing in MATIC stating that “[b]y market capitalization and users, Polygon is one of the most popular scaling solutions for Ethereum” in part because “[i]t caters to diverse use cases and is renowned for its rapid, cost-effective transactions,” and noted that a June 2023 update “aims to strengthen the platform’s architecture, promote a variety of decentralized applications, and signal a commitment to fostering a vibrant ecosystem.”

340.

MATIC peaked at a price of approximately $2.92 with a market capitalization of approximately $20 billion on December 27, 2021. As of April 15, 2025, it traded at around $0.18, with a market capitalization of approximately $3.2 billion—reflecting a price drop of more than 93% and a loss of approximately $16.7 billion in market value.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

20. MIR

341.

MIR is a token associated with the Mirror Protocol that was created by Terraform Labs Pte. Ltd. ("Terraform Labs"), a Singapore-based company. MIR was available for trading on the Coinbase Platform beginning in approximately May 2021 until Coinbase's announcement to suspend trading in MIR on March 15, 2023.

342.

In December 2020, Terraform Labs launched the "Mirror Protocol," which it continued to develop and maintain. The Mirror Protocol allowed users to create what Terraform called an "mAsset," short for "mirrored asset," which was designed to track or "mirror" the price of equity securities or other types of securities, including U.S. equity securities. For example, mAssets designed to "mirror" the stock of Apple, Inc. were named "mAAPL" and were designed so that their value increased and decreased with the value of Apple, Inc. stock. "mAssets mimic the price behavior of real-world assets and give traders anywhere in the world open access to price exposure without the burdens of owning or transacting real assets."

343.

The Mirror Protocol also provided users with the ability to obtain a "MIR token," the so-called "governance token" for the Mirror Protocol. MIR tokens received value based upon, among other things, fees generated under the Mirror Protocol. Proceeds of the sales of MIR tokens were pooled together to develop and fund Terraform operations and, specifically, the Mirror Protocol. The ability of a MIR investor to profit was dependent on the success of the Mirror Protocol because MIR increased in value with increased usage of the Mirror Protocol.

344.

After the launch of the Mirror Protocol, Terraform "farmed" MIR tokens to distribute to investors pursuant to agreements between investors and a wholly owned subsidiary of Terraform. If the price of MIR increased (or decreased), both Terraform Labs and investors would benefit

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

(or suffer losses) in proportion to their holdings, thus tying the MIR investors' fortunes to those of Terraform Labs. Terraform Labs touted an investment in MIR as a way for investors to invest in the potential success of the Mirror Protocol.

345.

Terraform Labs told investors that the price of the MIR was directly correlated with Terraform Labs' efforts to increase the usage of the Mirror Protocol because its value was dependent on the fees generated by usage of the Mirror Protocol. In promotional materials provided to investors in September 2020, Terraform noted that it would heavily promote the Mirror Protocol, which would increase the price of the MIR tokens. These materials also provided a revenue projections table that estimated the price of MIR based on how much the Mirror Protocol was used.

346.

Terraform Labs and its principal, Do Kwon ("Kwon"), also sold MIR tokens through "Simple Agreements for Farmed Tokens" or "SAFTs" without restricting resale of the tokens, reflecting Terraform's and investors' expectations that MIR tokens could be resold in secondary markets for a potential profit.

347.

Terraform and Kwon further held themselves out to the public as managing and working on the Mirror Protocol as part of their work to build out the Terraform ecosystem. Consistent with their public touting, Terraform and Kwon engaged in entrepreneurial and managerial efforts to make the Mirror Protocol a successful enterprise. For example, they controlled websites related to the Mirror Protocol that promoted, explained, and facilitated its use for the general public. Terraform and Kwon, in fact, controlled many aspects of the Mirror Protocol and engaged in myriad efforts to facilitate and support its function. For example, Terraform Labs engineered, launched, and upgraded versions of the Mirror Protocol. In addition to employing engineers responsible for coding and substantially upgrading the Mirror Protocol, Terraform

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Labs also employed a "product manager" for the Mirror Protocol. According to the SEC, Terraform Labs further controlled a mechanism that provided a price check on the underlying assets for the mAssets for the purpose of facilitating the creation and liquidation of mAssets on the protocol.

348.

Terraform and Kwon also promoted the Mirror Protocol through, among other means, Terraform's website, web application, social media accounts, podcast interviews, and U.S. media. For example, in January 2021, a Mirror Community update on the Mirror Medium page stated, "We're always working hard to improve Mirror and rely on our brilliant community for feedback and ideas."

349.

Terraform Labs employees also engaged in public and extensive entrepreneurial and managerial efforts with respect to the Mirror Protocol, including by heavily promoting it and touting its growth in public presentations. For example, Kwon tweeted extensively prior to and after the release of the Mirror Protocol, noting Terraform's continued participation and partnerships to help the project succeed. Upon announcing the Mirror Protocol to the public in December 2020, Kwon tweeted "Going forward, we look forward to being active contributors in the community to help @mirror_protocol succeed." Following the launch of the Mirror Protocol, Terraform and Kwon advertised it aggressively, including in blog posts, tweets and interviews. In January 2021, a Mirror Community update on the Mirror Medium page stated, "We're always working hard to improve Mirror and rely on our brilliant community for feedback and ideas." According to the SEC, Terraform and Kwon also regularly emailed updates about Terraform's work and development on the Terraform ecosystem, including to an email group with the recipient name of "mirror investors."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

350.

Terraform Labs employees also engaged in public and extensive entrepreneurial and managerial efforts with respect to the Mirror Protocol, including by heavily promoting it and touting its growth in public presentations. For example, in June 2021, Terraform's U.S.-based Director of Special Projects provided a presentation to the "Defi Summit" on behalf of Terraform that included an extensive discussion of Terraform's Mirror Protocol. Among other things, Terraform's Director of Special Projects stated that, not only was Terraform responsible for launching the Mirror Protocol, but it had "grown [the Mirror Protocol] to two billion [dollars] in total value locked and a billion [dollars] in liquidity." According to the SEC, he also discussed how "we just want to create a very delightful and magical experience . . . for users providing a Robinhood-like interface." Additionally, Terraform's Business Development lead and its Head of Communications participated in an interview that publicized and explained the Mirror Protocol, noting that Terraform has a "team of [approximately] 40 people working full-time across Asia/US." The article explained that "Mirror is a synthetic assets protocol" and that Terraform planned to expand Mirror "beyond SE Asia and the typical US market."

351.

Terraform Labs and Kwon sold these approximately MIR tokens without restricting the resale of their tokens and did not take any steps to verify investors' accredited status. No exemptions to registration were available given the fact that tokens sold in this offering were available for resale on an unrestricted basis less than a year after the initial transactions.

352.

MIR peaked at a price of approximately $12.90 per token on April 4, 2021, and reached its largest market capitalization of approximately $715 million on May 4, 2021. As of April 15, 2025, it traded at $0.015 with a market capitalization of approximately $2.4 million—reflecting a price drop of more than 99% and a loss of approximately $713 million in market value.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

353.

MIR is a subject of an indictment issued by a federal grand jury against Kwon charging him with multiple counts of fraud, including securities fraud, and money laundering in connection with Terraform, Mirror, and other Terraform ventures and cryptocurrencies, including LUNA. As summarized by the U.S. Department of Justice, the indictment alleges, in relevant part, that “Kwon made misrepresentations about the success and operation of an investing platform on Terraform’s blockchain (the Terra blockchain) called Mirror Protocol (Mirror), that purportedly allowed users to create, buy, and sell synthetic versions of stocks listed on U.S. securities exchanges. Kwon claimed that Mirror operated in a decentralized manner and that he and Terraform played no role in Mirror’s governance. But as Kwon knew, he and Terraform secretly maintained control over Mirror, and used automated trading bots to manipulate the prices of synthetic assets that Mirror issued. Kwon also caused Terraform to inflate key user metrics to deceive investors.”

21. MKR

354.

MKR is an Ethereum-based governance token for MakerDAO (“Maker), a decentralized finance protocol that allows users to borrow a crypto “stablecoin” called DAI (which aims to be pegged to the dollar) by depositing other crypto, such as Ether, as collateral. MKR has been available to trade on Coinbase platform since approximately June 11, 2020.

355.

Borrowing and lending on Maker is processed through computer code that runs on the blockchain and that was created by Maker’s developers. Maker was built in part by the Maker Foundation founded by Rune Christensen, a Danish entrepreneur, and Denmark-based Dai Foundation, which holds “the Maker community’s key intangible assets.” A Maker webpage states that “[t]he various entities associated with the Maker Foundation are currently held under

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

the Maker Ecosystem Growth Foundation (MEGF), a Cayman Islands foundation company limited by guarantee."

356.

MKR is described as serving as both a utility and governance token. MKR token holders may participate in the governance of the protocol. Every holder of MKR tokens has the right to vote on various changes to the Maker protocol, with their voting power proportional to the size of their MKR stake. Aspects of the protocol that holders can vote on include adding new collateral asset types to the protocol, amending the risk parameters of existing collateral asset types, changing the DAI Savings Rate, choosing the "oracles" (price feeds that the protocol uses to determine the value of assets deposited as collateral in the protocol, for example) and implementing upgrades to the platform. The ability to participate in governance contributes to demand for MKR tokens. MKR holders also earn value from the fees generated when other users borrow DAI, as the protocol uses the proceeds from these fees to purchase MKR on the market and then burn it, reducing its supply and making it scarcer.

357.

Statements by Maker would lead a reasonable investor in MKR to expect profits based on the efforts of Maker's management and promoters. Although purportedly featuring decentralized governance, Maker is still managed in large part and effectively controlled by a relatively small group of insiders: Maker's website acknowledges that "[t]he Maker Foundation currently plays a role, along with independent actors, in maintaining the Maker Protocol and expanding its usage worldwide, while facilitating Governance," and that "developers within the Maker Foundation" and "its outside partners" play a critical role in "design[ing]" the protocol. Moreover, according to Maker, the Dai Foundation is a "self-governing" body that "was formed to house the Maker community's key intangible assets, such as trademarks and code copyrights," whose "purpose . . . is to safeguard what cannot be technologically decentralized in the Maker Protocol." Similarly, Maker has had a "Development Fund" that it describes as "owned and managed by the

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

board of the Maker Ecosystem Growth Foundation." In addition, Maker governance is reportedly dominated by a small group of insiders who have outsized voting power due to their large MKR holdings.

358.

Maker has repeatedly touted the potential and actual growth of its platform—and hence MKR as an investment—to investors and the public. For example, the Maker website states that while "the potential market for Dai is at least as large as the entire decentralized blockchain industry, . . . the promise of Dai extends well beyond that into other industries," listing "a non-exhaustive list of current and immediate markets for the Dai stablecoin" that includes "Working capital, hedging, and collateralized leverage"; "Merchant receipts, cross-border transactions, and remittances"; "Charities and NGOs when using transparent distributed ledger technology"; "Gaming"; and "Prediction markets." The website further states: "With hundreds of partnerships and one of the strongest developer communities in the cryptocurrency space, MakerDAO has become the engine of the decentralized finance (DeFi) movement," and that "Maker is unlocking the power of the blockchain to deliver on the promise of economic empowerment today." Similarly, Maker boasts that, "Since the release of Single-Collateral Dai in 2017, user adoption of the stablecoin has risen dramatically, and it has become a building block for decentralized applications that help expand the DeFi (decentralized finance) movement," and that "Dai's success is part of a wider industry movement for stablecoins, which are cryptocurrencies designed to maintain price value and function like money."

359.

In 2017, Maker announced that it had raised $12 million through the MakerDAO Development Fund's sale of MKR to a number of investment firms, including prominent VC firms Andreessen Horowitz and Polychain Capital, commenting, "We are proud to invite to our team committed, strategic partners who share our long term vision of building a powerful platform to bring about a digital financial revolution," and stating that "[f]unds from this capital

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

raise will go towards expanding our development resources, funding a long term go-to-market strategy, increasing our network's reach, and helping advance our long term development roadmap."

360.

MKR peaked at a price of approximately $6,292.31 per token with a market capitalization of approximately $5.47 billion on May 3, 2021. As of April 15, 2025, it traded at $1,374.81 with a market capitalization of approximately $1.2 billion—reflecting a price drop of more than 78% and a loss of approximately $4.3 billion in market value.

22. NEAR

361.

"NEAR" is the native token of the NEAR blockchain, a proof-of-stake blockchain conceived in 2018 by Delaware corporation Near, Inc. ("Near") and its founders Alexander Skidanov and Illia Polosukhin. Although, according to the SEC, U.S. investors purportedly were prohibited from participating in the early seed funding rounds, including an August 2020 token sale, or NEAR's initial minting in April 2020, NEAR can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and has been available for purchase and sale in the United States since at least October 2020, including since September 2022 on the Coinbase Platform.

362.

According to the NEAR white paper and other materials, the NEAR protocol uses a technology dubbed "Nightshade" that allows the volume of transactions on the network to grow indefinitely without hurting its performance, measured in speed and transaction fees. Skidanov and Polosukhin founded the NEAR Foundation, a Swiss non-profit that claims to be "responsible for contracting protocol maintainers, funding ecosystem development, and shepherding core governance of the NEAR protocol."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

363.

From Q3 2017 to Q1 2020, Near raised over $33 million through the offer and sale of notes that were convertible into NEAR tokens, which were not minted until April 2020. In July 2019, Near filed forms with the SEC claiming its offer and sales of convertible notes was exempt from registration under Rule 506(b) of Regulation D and stating Near "intended to use the proceeds [of the sales] for the development of the Near protocol." In August 2020, Near held an additional sale of approximately 120 million NEAR tokens. In January 2022, the NEAR Foundation raised an additional $150 million through a purportedly "private" sale of NEAR tokens to venture capital investors.

364.

Near, the NEAR Foundation, and their common founders publicly disseminated information based on which NEAR purchasers, including those who purchased NEAR since September 2022, reasonably viewed NEAR as an investment in and expected to profit from Near's efforts to develop, expand, and grow the NEAR protocol, which, in turn, would increase the demand for and the value of NEAR

365.

According to Near, of the 1 billion NEAR tokens initially minted, 14% were allocated to "Core Contributors," 11.7% to "Early Ecosystem" developers, 10.0% to the NEAR "Foundation Endowment," 17.2% to "Community Grants and Programs," 11.4% to "Operations Grants," 17.6% to "Backers," 6.1% to "Small Backers," and 12.0% to "Community Sale" purchasers. Accordingly, the financial incentives and fortunes of Near's core team members and those of early developers (who collectively owned approximately 25.7% of the initial supply of NEAR) were aligned with those of other NEAR investors (who owned approximately 35.7% of the initial NEAR supply).

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

366.

Near stated in its SEC filings that it would pool investment proceeds from the sale of notes convertible into NEAR tokens to develop the NEAR protocol and grow Near's business and, in January of 2022, Near further pooled proceeds from the sale of $150 million in NEAR tokens that month for the same purposes.

367.

The NEAR Foundation publicly touted that it did in fact use its allocation of NEAR tokens to support the development of the NEAR protocol and ecosystem. For example, in October 2021, the NEAR Foundation announced "$800 million in funding initiatives targeted at accelerating growth" of the NEAR ecosystem. In September 2022, in a "transparency report" post on the Near blog, the NEAR Foundation stated that it had "deployed $540M in fiat and tokens during [the last quarter of 2021 and the first two quarters of 2022]" to support "NEAR ecosystem projects" and launch "regional hubs" around the world, among other efforts to help grow the ecosystem.

368.

Indeed, Coinbase has promoted NEAR Protocol's partnerships since listing, including a partnership "with one of Latin America's largest food companies for a blockchain-based loyalty program," and a partnership with "Group Nutresa for an open-source loyalty program that uses NEAR's carbon-neutral blockchain," noting that Grupo Nutresa "sells products in 78 countries" and "[t]he new program is expected to launch early next year, with a goal of reaching one million users across Latin America." Coinbase further advertises that "NEAR Protocol utilizes its Nightshade technology with the aim of enhancing transaction throughput," which "allows NEAR Protocol to strive for up to 100,000 transactions per second and near-instant transaction finality with a one-second block cadence, while aiming to keep transaction fees low"; that "NEAR Protocol is designed with the aim of managing high-value assets and making them accessible for everyday people"; and that "[t]he NEAR token is intended to be used for processing transactions

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

and storing data, running validator nodes on the network via staking NEAR tokens, and for governance votes to determine how network resources are allocated."

369.

Today, through their involvement with the NEAR Foundation, NEAR's founders remain actively involved with the NEAR protocol. In fact, Polosukhin sat on the NEAR Foundation Council (its governing group) until March 2023 and has served as its Chair for the past two years.

370.

In a blog post discussing the role of the NEAR ecosystem in funding projects to continue growing the NEAR protocol, Polosukhin likened the NEAR ecosystem to a venture capitalist picking an investment strategy and the NEAR community to investors in the NEAR ecosystem:

> The goal for Treasury DAO is to define strategy of investment, make sure the DAOs it is funding are legit and also request reporting from these DAOs on quarterly basis to report back to the community on how Treasury DAO [is] doing. This is similar [to] how [a] VC would report to LPs on their investment – collecting stats of the companies that they have invested in but not taking executive control in any way, just some advisory help if asked.

371.

Near has also touted its high-profile venture capital partners as an indicator of investor demand. For example, as of March 2023, Near's website stated that NEAR is "[b]acked by the best," followed by the logos of 10 venture capital firms and the following quotation from one of those firms' partners: "NEAR is poised to be a leading smart contract blockchain platform, combining first-rate technology with a fast-growing developer ecosystem. We are excited to support NEAR as we ramp up our investments in the digital asset space."

372.

Near has also marketed a NEAR protocol feature that automatically burns 70% of all NEAR tokens accumulated as fees.Near has promoted that "[b]ecause of this burning, at high levels of transaction throughput the network could become deflationary" meaning that the total

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

supply of NEAR could decrease. As with other crypto securities set forth herein, Near's marketing of NEAR burning has led investors reasonably to view their purchase of NEAR as having the potential for profit.

373.

NEAR peaked at a price of approximately $20.44 per token and a market capitalization of approximately $12.4 billion on January 16, 2021. As of April 15, 2025, it traded at around $2.04, with a market capitalization of approximately $2.4 billion—reflecting a price drop of more than 90% and a loss of approximately $10.0 billion in market value.

23. POWR

374.

POWR, developed by Power Ledger Pty. Ltd. and its agents (collectively, "Power"), is an Ethereum-based token first minted in or about September 2017. POWR can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and has been available for trading on the Coinbase Platform since approximately November 16, 2021.

375.

Power Ledger Pty. Ltd. is an Australian corporation started by four co-founders whose stated goal is to develop and operate a decentralized protocol, Powerledger, through which participants in energy grids can track, trace, and trade energy in real-time. POWR tokens are required to participate in Powerledger.

376.

Power offered POWR to buyers through an offering that had two phases. In or about August 2017, Power raised approximately $17 million Australian dollars through a sale of POWR tokens. Power sold an additional 260 million POWR tokens through a "public sale" phase later that year, raising approximately another $17 million Australian dollars.

377.

While Power claimed that its platform was partially operational at the time of the initial

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

offering, it told the public that funds raised through token sales would enable the company to meet specified developmental milestones.

378.

Power has represented that POWR purchasers are investing in a common enterprise to develop Power's business. For example:

- In an October 1, 2017 Medium post titled "Why Does Power Ledger Need Tokens?" Power explained that the token offering would accelerate the company's rate of growth: "Token holders create a network which gives the Platform value, and in return, they receive ownership of the network."
- In the same post, Power wrote that the goal of the token sale was to "accelerate our rate of growth" by obtaining "extra liquidity" to "fully take advantage of our first mover advantage."
- In an October 2017 interview, one co-founder stated that POWR investor proceeds would provide a "really solid war chest to build the business" and allow Power to "broaden the applications and really make some solid inroads in peer-to-peer trading."
- In the 2017 POWR white paper, Power stated that proceeds from token sales would be used to "accelerate[] platform development" and for "beta testing" of trading applications, among other planned projects.

379.

Similarly, Coinbase has touted how "Powerledger's platform has a wide range of potential use cases," such as "to manage grid stability and flexibility services, manage a 24/7 renewable energy portfolio, facilitate peer-to-peer energy trading, and develop sustainable residential and commercial developments." Coinbase explains that "Powerledger's technology can also be used to facilitate the trading of environmental commodities such as renewable energy certificates and carbon credits, aiming to make these processes more transparent and efficient," and "Powerledger's platform can be used to track the provenance and flow of energy, giving

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

consumers choice over the energy they're using." Coinbase has further touted how Powerledger purportedly "has a diverse client base across multiple countries."

380.

From its inception, Power emphasized that POWR purchaser would benefit directly by receiving a share of POWR's fee revenues, as well as from trading POWR on secondary markets. For example:

- In announcing POWR's upcoming token sale on a prominent web forum in July 2017, Power responded to the question "How to buy Power ledger?" by saying: "The Power Ledger Token (POWR) will be available in our token sale that will begin in the next month or so (exact date to be determined). After that, you will be able to buy POWR tokens at popular exchanges. Stay tuned!"
- In connection with an announced partnership between Power and a crypto trading platform, Bancor, Power CEO Jemma Green stated: "After the success of our token sale, we wanted to make sure that the trading environment is as attractive as possible for POWR token holders. Our integration with the Bancor protocol is the perfect solution because of the capability it provides for token traders to buy and sell them whenever they want."
- In an "Ask Me Anything" ("AMA") thread on Reddit on October 3, 2017, Power represented that its "users will acquire a unique asset token and they will receive a portion of revenue."
- In the October 1, 2017 Medium post titled "Why Does Power Ledger Need Tokens?", Power emphasized the benefits of purchasing POWR during the ICO: "Using a token model, there is now an incentive to be an early adopter or user of the network" because "demand drivers" in the future "may increase the value of POWR" tokens.
- In a post on Medium that referenced "Maximiz[ing] Liquidity of POWR Tokens as Token Sale Concludes" dated October 4, 2017, Power stated that it "wanted to make sure that the trading environment is as attractive as possible for POWR token holders." The post further

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

noted that POWR's integration with another company's protocol "is the perfect solution because of the capability it provides for token traders to buy and sell them whenever they want."

- As recently as September 26, 2024, Power stated in a post on its website that it planed to "create a liquidity pool for POWR/SOL [another cryptocurrency]" to "[e]Enhanc[e] token accessibility and foster[] a robust trading environment."

381.

Power also repeatedly represented that POWR purchasers could receive lucrative energy trading advantages, continuing to market POWR as an investment opportunity. For example, Power has directly linked its potential growth to POWR's value for investors. On its website, Power explains: "Basic economics teaches us that the greater the demand we create for POWR tokens, the more benefit accrues for POWR token holders."

382.

POWR's white paper highlighted the experience Power's management team had "gained from decades of work in the energy industry and honed by working with our partners throughout our trials," and discussed how this would help Power achieve the goal of "democratising the world's power systems."

383.

The white paper also emphasized that Power's leadership and staff was responsible for the business's development. For example, Power said that one co-founder "manages the daily operations and commercialization of Power Ledger's technology," while another "provides the strategic direction for conceptual, system and application design and development for Power Ledger," and a third "provides the strategic external relations, risk management, and leadership development for Power Ledger." The white paper further described the various technical or administrative roles of other employees.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

384.

Power has continued to tout its management's experience and skill in guiding Powerledger. As recently as March 13, 2025, Power touted on its website that it had "been recognised [sic] as the Best Web3 Solution in Switzerland 2025 by Global Financial Market Review, driving the future of decentralized [sic] energy."

385.

In an August 2017 "Token Generation Paper," Power stated that it would sell POWR tokens for approximately $0.08. By early 2021, the market price of POWR had increased to approximately $0.096. And by November 2021, even before being listed on Coinbase, the price increased further to approximately $0.39, a return of approximately 300%.

386.

POWR peaked at a price of approximately $1.89 per token on January 7, 2018, and reached its largest market capitalization of approximately $681 million on January 6, 2018. As of April 15, 2025, it traded at around $0.16, with a market capitalization of approximately $84 million—reflecting a price drop of more than 91% and a loss of approximately $597 million in market value.

24. RLY

387.

Rally ("RLY") is an Ethereum token that powered the Rally Network, an ecosystem of consumer applications that use a token economy to encourage growth and engagement. RLY can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and RLY first became available to trade on the Coinbase platform on July 15, 2021. Only after RLY had become nearly worthless and officially shut down in March 2023 did Coinbase announce that it would delist the token and prevent it from being tradeable on Coinbase.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

388.

Rally was associated with a Delaware corporation based in San Francisco, founded in February 2018. The RLY token purports to be a “governance token” for a platform called the Rally Network that conveyed voting power to investors regarding the development and structure of the business, including the right to propose changes. The Rally Network ceased operations on January 31, 2023.

389.

The Rally Network operated a number of projects built on the Rally ecosystem, including Rally.io—a supposed “platform for creators and their communities to build their own independent digital economies by enabling creators, artists, celebrities, communities and brands to launch their own social tokens and NFTs.” The Rally Network was managed by the RLY Network Association, a Swiss-based non-profit organization. A Rally website described The RLY Network Association’s “responsibilities” as including:

- “Maintain and develop the RLY Network's core blockchain technology
- Provide technical and economic infrastructure to enable consumer friendly, trust minimized, decentralized communities and applications
- Oversee the RLY community treasury and ensure ample network liquidity
- Drive expansion and adoption of the RLY protocol via licensing, grants, and network rewards
- Seek innovation and investment opportunities for RLY”

The website further stated that “The Board of the Association is made up of a team of experienced executives equipped to make decisions in line with the non-profit mission of the Association, and keeping with the goals to maintain the best interests of the whole of the RLY ecosystem.”

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

390.

Between December 31, 2020 and March 18, 2021, the Rally Network conducted a "community treasury fundraise [sic]" in which it claimed to have sold 196,300,538 RLY tokens for total proceeds equaling approximately $34,828,450 in another crypto asset. Rally and a partner conducted a second public sale of RLY tokens between April 1 and 3, 2021, raising an additional $22 million. In total, according to an April 28, 2021 Medium article, Rally raised $57 million to fund "community driven growth" of the Rally Network. The Rally Network was operational in a limited form during this offering.

391.

Rally touted that funds raised from investors would fund its development, while also ensuring that Rally's management was incentivized to make RLY more valuable. The RLY white paper stated that token allocation followed a "70% community, 30% team and seed" model. An initial supply of 15 billion RLY tokens was minted at launch, with 15.3% allocated to Rally's seed investors and another 14.2% allocated to Rally's management team. Team and seed tokens were subject to a 4-year vesting schedule beginning at launch, with a "12-month lock-up" in which they cannot vote.

392.

Rally has also represented that all proceeds from RLY token sales were pooled in the "Community Treasury," which "was designed to power the development and realize the potential of the Rally Network. . . . [A] larger pool in the treasury will enable the community to significantly scale the Rally Network and empower the community to effectuate even more development and engagement, including, for example, engaging developers to build the never-been-done-before ideas that the community comes up with." Rally stated that the Community Treasury has allocated a portion of the proceeds to funding and expanding the management team. In an April 28, 2021 post on Medium, Rally stated that "[p]roceeds from these community-approved sales of RLY flow to the Rally community treasury, which is governed by the

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

community and spent through community-led governance proposals designed to better the Rally Network." And Rally claimed that RLY token holders would necessarily benefit from Rally's growth. In the RLY white paper, Rally stated: "Tokenomics play a fundamentally important role in the success or failure of a crypto project. In essence, good tokenomics align the incentives of all participants of a token economy. These incentives are built into the protocol and will function as such in perpetuity thereby guaranteeing the protocol's future." A Rally website further emphasized the growth and profit potential from RLY, stating that "RLY is used by consumer applications to enable a token economy that increases community growth, engagement, and loyalty" and that "RLY Network is an ecosystem of consumer apps powered by RLY Protocol, a token-enabled software suite for developers that facilitates token launching, instant pricing, immediate liquidity, and the opportunity to earn RLY Rewards."

393.

Rally leadership promoted RLY's availability on the secondary market, as well as its liquidity. On July 21, 2021, Rally announced that "[o]ver the past two weeks, [multiple secondary trading platforms, including Coinbase] have all enabled $RLY trading." Rally noted that anyone with accounts on these platforms could thus "easily purchase $RLY using either crypto, a credit/debit card, or bank account and begin participating in the $RLY community today," and could "in most jurisdictions … convert their $RLY to US Dollars." On February 1, 2022, Rally said it was "excited to announce that $RLY is now supported on [a trading platform]," which allowed for "buying, selling, storing, and earning digital assets."

394.

Rally promoted its management team's background and qualifications in the RLY white paper. Rally also made clear in the white paper that proceeds from the sale of RLY would be used to expand the centralized management team: "The budgets for the RLY Network Association & $RLY Ecosystem DAO will cover the operation costs plus the hiring and onboarding of new team members and experts to achieve their respective end goals."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

395.

RLY can still be bought and sold for fiat currency or other crypto assets on secondary trading platforms. RLY peaked at a price of approximately $1.40 on March 31, 2021, and reached a peak market capitalization of approximately $1.3 billion. As of April 15, 2025, it traded at about $0.0009, with a market capitalization of approximately $4.5 million—reflecting a price drop of more than 99% and a loss of approximately $1.3 billion in market value.

25. SAND

396.

"SAND" was created on the Ethereum blockchain as the native token of The Sandbox platform, a virtual gaming platform first released in 2012 by Pixowl, Inc. ("Pixowl") as a game for download on mobile phones. SAND can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and has been available for trading on the Coinbase Platform since approximately May 2022.

397.

Pixowl, headquartered in San Francisco, was founded in 2011 by Arthur Madrid ("Madrid") and Sebastien Borget ("Borget"). In 2018, Animoca Brands, Inc. ("Animoca"), headquartered in Hong Kong, acquired Pixowl and announced its intention to build a new 3D version of the Sandbox, in part by leveraging blockchain technology. After Pixowl's acquisition, Pixowl's intellectual property, including The Sandbox, along with the rest of Pixowl's assets, were transferred to TSB Gaming Ltd ("TSB"), a wholly owned subsidiary of Animoca. Madrid is CEO of TSB, and Borget is the COO. According to The Sandbox's website, SAND is required to access The Sandbox ecosystem, participate in the platform's governance, and earn rewards through the staking program on the platform.

398.

Before minting SAND in July 2019, Animoca raised approximately $2.5 million in cash and crypto assets on May 23, 2019 through TSB by issuing Simple Agreements for Future

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Equity ("SAFEs") and SAND tokens, to "fund the development of the upcoming blockchain version of The Sandbox." According to Animoca's press release, the majority of investors allocated their investment to the purchase of both SAND tokens and future equity in TSB via the SAFE agreements (in the amount of $2 million), while some investors allocated their investment exclusively to the purchase of SAND tokens ($500,000). The funding round was led by Hashed and included a number of other crypto venture capital investors.

399.

In July 2019, TSB minted a total supply of 3 billion SAND on the Ethereum blockchain and offered and sold SAND through purportedly private sales. On or around August 13, 2020, TSB conducted an initial exchange offering that raised $3 million on the Binance.com crypto asset trading platform.

400.

TSB publicly disseminated information based on which SAND purchasers, including those who purchased SAND since May 2022, reasonably viewed SAND as an investment in and expected to profit from TSB's efforts to develop, expand, and grow The Sandbox protocol, which, in turn, would increase the demand for and the value of SAND.

401.

On blog posts announcing "exchange listings," The Sandbox touted its efforts to obtain "listings" and the SAND token's liquidity in the secondary market. For example, in a September 21, 2021 Medium blog post, Sandbox stated that "$SAND is listed on over 60 global cryptocurrency exchanges, including a dozen of the top exchanges by market capitalization." On the SAND token webpage, The Sandbox currently promotes that SAND is available on over 20 exchanges.

402.

The Sandbox stated that it would pool the proceeds from the private SAND token sales and the SAND IEO to develop and promote use of the platform. For example, the May 23, 2019

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

press release stated: "[t]he funds raised through this transaction will be used to grow the development team and infrastructure for the [Sandbox] Game Platform, support marketing efforts through the acquisition of creators and IP licenses, and provide for security, legal, and compliance expenses as well as general and administrative costs." The Sandbox white paper similarly described identical uses for the $3 million in funds intended to be raised during the IEO.

403.

According to The Sandbox white paper, of the 3 billion SAND tokens that were initially minted, 19% were to be allocated to The Sandbox "Founders and Team," and another 25.8% were allocated to the Company Reserve.

404.

In the July 25, 2019 Medium blog post, The Sandbox stated that "an interesting feature of [the $SAND] token is that it can accrue in value over time, due to the fact that it is scarce. There will be a limited supply of 3 billion units of $SAND available."

405.

TSB also stated publicly that it would take steps to manage the market for SAND. In The Sandbox white paper, TSB stated that The Sandbox team controls the supply of SAND tokens and has implemented a "controllable supply mechanism, such as purchasing SAND from multiple exchanges," and that "while the total supply of SAND is fixed, the initial amount of SAND offered will provide a scarcity effect reducing the SAND available per capita and therefore fostering demand."

406.

Additionally, in many instances, Animoca credited the backgrounds of Pixowl, TSB, and The Sandbox core members, including Madrid and Borget, in touting the success and future development of The Sandbox:

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

- In a press release dated August 27, 2018 (the "2018 Press Release"), Yat Siu, the co-founder and director of Animoca, stated that "Pixowl's experienced developers will significantly increase our development capabilities. Its founders are highly respected game industry veterans who have developed multimillion dollar franchises. We believe the blockchain version of The Sandbox has incredible potential … We look forward to utilising the many opportunities for growth conferred by this acquisition."
- In the 2018 Press Release, Madrid commented: '"Animoca Brands is a perfect fit for Pixowl and we are happy to add our brand relationships to its portfolio while accelerating growth for our key IP, The Sandbox …"
- The 2018 Press Release also touted that "Ed Fries, the creator of Microsoft Game Studios and co-founder of the Xbox project, is a special advisor to The Sandbox's original game developer Pixowl" and will therefore continue to serve on the advisory team.
- The Sandbox white paper further stated: "We have a strong product roadmap ahead and a top team to execute a strong vision to build a unique virtual world gaming platform where players can build, own, and monetize their gaming experiences and spread the power of blockchain as the lead technology in the gaming industry."

407.

The Sandbox white paper also describes "The Sandbox Foundation," which "supports the ecosystem of The Sandbox" by, among other things, offering grants to incentivize high quality content and game production on the platform. The Sandbox white paper further notes that the "overall valuation of the metaverse grows through the valuation of all games funded by the Foundation, creating a virtuous circle to enable funding bigger games." The Sandbox also touts that the Sandbox Foundation has, among other things, (a) supported play-to-earn tournaments and cross-gaming to encourage the broader adoption of SAND and (b) supported marketing activities contributing to the growth of awareness about NFTs, Metaverse, and SAND adoption, including co-marketing with exchanges and influencers.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

408.

As of March 14, 2025, the Coinbase Platform touted SAND by promoting that "owners can stake [SAND] and benefit from staking rewards" and noted that SAND "supports decentralized governance, enabling users to share their views and ideas about the project's development."

409.

SAND peaked at a price of approximately $8.40 per token and a market capitalization of approximately $7.3 billion on November 25, 2021. As of April 15, 2025, it traded at around $0.25, with a market capitalization of approximately $615 million—reflecting a price drop of more than 97% and a loss of approximately $6.7 billion in market value.

26. SOL

410.

"SOL" is the native token of the Solana blockchain. SOL can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and has been available for trading on the Coinbase Platform since approximately June 2021.

411.

The Solana blockchain was created by Solana Labs, Inc. ("Solana Labs"), a Delaware corporation headquartered in San Francisco. Solana Labs was founded in 2018 by Anatoly Yakovenko and Raj Gokal, who are Solana Labs' current CEO and COO, respectively. According to Solana's website, the Solana blockchain is a network upon which decentralized apps ("dApps") can be built, and aims to improve blockchain scalability and achieve high transaction speeds by using a combination of consensus mechanisms.

412.

Between May 2018 and early March 2020, Solana Labs filed multiple forms with the SEC claiming that its offers and sales of securities were exempt from registration under Rule 506(c) of Regulation D. In its SEC filings, Solana described its offers and sales of securities as

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

the “sale and issuance of rights to receive Solana Labs, Inc. tokens in the future via a Simple Agreement for Future Tokens (SAFTs).” Solana sold approximately 177 million SOL through such offers and sales, raising over $23 million.

413.

In March 2020, on the CoinList trading platform (www.coinlist.co), Solana Labs sold additional SOL in a “Dutch auction,” where investors place bids and the entire offering occurs at the price with the highest number of bidders. Through this offering, Solana Labs sold approximately 8 million SOL, at an average price of $0.22, raising approximately $1.76 million. In the summer of 2021, Solana Labs completed another, purportedly private, sale of SOL, raising over $314 million from investors, each of whom paid for SOL with fiat currency. On information and belief, these investors were required to sign a purchase agreement.

414.

Solana Labs took steps in 2020 to make SOL available for trading on crypto asset trading platforms. For example, in a September 17, 2020, Twitter post, Solana Labs stated: “The Solana community in the United States has been eagerly awaiting the chance to trade SOL on a U.S. exchange, and now that day has come. SOL/USDT, SOL/USD, and SOL/BTC pairs are all open for trading on @ftx_us.” Later that same day, Solana Labs tweeted: “@BinanceUS announces Support for SOL, making it the Second US Exchange to list SOL within one day.”

415.

Solana Labs publicly disseminated information based on which SOL purchasers, including those who purchased SOL since June 2021, reasonably viewed SOL as an investment in and expected to profit from Solana Labs’ efforts to develop, expand, and grow the Solana network, which, in turn, would increase the demand for and the value of SOL.

416.

Solana Labs stated publicly that it would use the proceeds from its SOL sales to fund the development, operations, and marketing efforts with respect to the Solana blockchain in order to

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

attract more users to that blockchain. Such efforts were an attempt to increase the demand for, and therefore the value of, SOL itself, given the need for those who wish to interact with the Solana blockchain to tender SOL and the need for those who wish to earn SOL rewards by validating Solana transactions to hold and stake SOL. For example, in connection with the 2021 private sale of SOL, Solana Labs stated publicly that it would use investor funds to: (i) "accelerate the deployment of market-ready applications focused on onboarding the next billion users into crypto"; (ii) "launch an incubation studio to accelerate the development of decentralized applications and Platforms building on Solana"; and (iii) develop a "venture investing arm" and "trading desk dedicated to the Solana ecosystem."

417.

Of the 500 million SOL tokens Solana Labs initially minted, 12.5% were allocated to Solana Labs' founders, including Yakovenko and Gokal, and another 12.5% to the Solana Foundation, a non-profit organization headquartered in Zug, Switzerland "dedicated to the decentralization, growth, and security of the Solana network." On April 8, 2020, Solana Labs transferred 167 million SOL tokens to the Solana Foundation, and in its public announcement about the creation of the Solana Foundation, Solana Labs stated that "[t]he Foundation's initial focus is expanding and developing the ecosystem of the Solana protocol." Both of Solana Labs' two original founders have worked for the Solana Foundation: Gokal serves as a current member of the Solana Foundation Council, and Yakovenko was a member and President of the Solana Foundation Council until December 2021, when he stepped down to focus on his work at Solana Labs.

418.

In public statements on its website and social media pages, including statements made and available while SOL has been available to trade on the Coinbase Platform, Solana specified its expertise in developing blockchain networks and described the efforts Solana and its founders had made and would continue to make to develop the Solana blockchain protocol and attract

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

users to the technology, which, again, required those utilizing the technology to demand some amount of SOL.

419.

Through promotional efforts, Solana Labs boosted increased participation in its network and thus demand for SOL, including through: (a) "Validated," a Solana podcast of which there have been at least 140 episodes since July 2019, with interviews of key Solana Labs management and other key personnel, including Yakovenko; (b) a YouTube channel with over 80,000 subscribers; and (c) dedicated Telegram, Twitter, Reddit, Discord, and GitHub channels, with links to each available on Solana's website.

420.

Solana Labs' promotional statements via these channels about SOL and Solana Labs' efforts to increase demand and value for SOL include:

- A July 28, 2019 blog post in which Yakovenko stated that "Solana … supports upwards of 50,000 TPS" (transactions per second) "making it the most performant blockchain and the world's first web-scale decentralized network" and that the "Solana team—comprised of pioneering technologists from [several high-profile technology companies]—has focused on building the tech required for Solana to function with these groundbreaking performance standards";
- A statement on its website that "Solana is engineered for widespread, mainstream use by being energy efficient, lightning fast, and extremely inexpensive" and that "[m]any of the core Solana builders, like co-founder Anatoly Yakovenko, have a background in building cell phone networks," which "means that they are singularly focused on building for scalability (the ability to grow) and efficiency (the ability to get the most information across with the least amount of resources)";
- An April 14, 2021 post on gemini.com in which Yakovenko touted the Solana network's ability to "support a theoretical peak capacity of 65,000 transactions per second, currently"

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

(“around 10,000 times faster than Bitcoin, 4,000 times faster than Ethereum, and 35 times faster than Ripple—even around 2.5 times faster than Visa”) and projecting that such speed would “doubl[e] in capacity every two years with improvements in hardware and bandwidth”;

- A December 23, 2022 post marketing various “upgrades” that Solana and its engineers would undertake, including “turbine optimizations” introduced by the “core engineering team,” which Yakovenko described as the “coolest piece of technology that we built that nobody knows about;” and
- A January 3, 2024 post stating that “throughout 2023, the developer ecosystem has made major advancements in tooling, developer experience, quality of content, and diversity of available programming languages.”

421.

Solana Labs also markets that it burns SOL tokens as part of a “deflationary model.” As Yakovenko explained in an April 14, 2021 article posted on gemini.com, “Solana transaction fees are paid in SOL and burnt (or permanently destroyed) as a deflationary mechanism to reduce the total supply and thereby maintain a healthy SOL price.” Solana explained on its website that since the Solana Network was launched, the “Total Current Supply” of SOL “has been reduced by the burning of transaction fees and a planned token reduction event.” This marketed burning of SOL as part of the Solana network’s “deflationary mechanism” has led investors reasonably to view their purchase of SOL as having the potential for profit to the extent there is a built-in mechanism to decrease the supply and increase the price of SOL.

422.

SOL may be “staked” on the Solana blockchain to earn rewards from validating transactions on the blockchain, and, to avoid potential bad actors from “spamming” the blockchain, a small amount of SOL must be “burned” to propose a transaction on the Solana

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

blockchain. Solana publicly advertises the financial rewards available for staking SOL, including on its website.

423.

Coinbase has touted that Solana's "approach has attracted interest from a diverse range of traders, from small-scale individuals to institutional entities," and "Solana's protocol is designed to serve both small-time users and enterprise customers alike, aiming to make decentralized finance accessible on a larger scale."

424.

On February 5, 2024, in a "Solana Insights" section on its platform, Coinbase noted the "Bulls" case for investing in SOL: "Solana's distinctive scaling approach makes it attractive for those seeking efficient blockchain solutions" and that "the Solana community has remained steadfast and actively engaged" in part because "[t]he platform is known to iterate quickly, demonstrating a commitment to continual improvement and adaptability, regularly introducing new features and updates that enhance user experience and expand its capabilities." Solana's performance also resulted in Coinbase publicizing that crypto research firm Messari declared the token "crypto's comeback player of the year."

425.

SOL peaked at a price of approximately $293 and a market capitalization of approximately $140 billion on January 19, 2025. As of April 15, 2025, SOL traded at around $128 with a market capitalization of approximately $66 billion—reflecting a price drop of more than 56% and a loss of approximately $74 billion in market value.

27. UNI

426.

UNI is the governance token for the Uniswap protocol, one of the largest and most widely used decentralized exchanges (DEXs) by trading volume. UNI has been available for trading on Coinbase platform since approximately September 17, 2020.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

427.

Uniswap operates as an automated market maker (AMM), allowing users to trade crypto assets (such as ERC-20 tokens) directly without intermediaries or order books. Uniswap has been developed, managed, and promoted by its founder, Hayden Adams, and Uniswap Labs, both based in the U.S. In 2022, Uniswap Labs reportedly raised $165 million in fundraising from prominent crypto venture capital funds. According to its LinkedIn page, Uniswap Labs has between 51 and 200 employees. The page further states that "Uniswap Labs builds products for users to safely and securely access DeFi, including an [Application Programming Interface], the Uniswap Interface and Uniswap Wallet, which collectively serve millions of users. Uniswap Labs also contributes to the development the Uniswap Protocol." Similarly, Uniswap's website states that (1) "Uniswap Labs is a company that develops software products that work on top of the Uniswap Protocol"; (2) "Uniswap Labs was founded by Hayden Adams, who developed the Uniswap Protocol"; and (3) "Uniswap Labs builds and maintains products like the Uniswap web app, NFT aggregator, and Uniswap mobile wallet." Uniswap Labs launched the UNI token in September 2020.

428.

Information disseminated by Uniswap has led investors in UNI to reasonably expect profits based on the efforts of Uniswap's management, including Uniswap Labs and Adams. As noted above, Uniswap Labs and Adams have played a leading role in the development of Uniswap and continue to do so. Uniswap frequently posts updates about Uniswap's growth, development, and development plans to the internet and social media, including via the Uniswap website and blog and Uniswap Labs's X (formerly Twitter) account. For example, in January 2021, Uniswap Labs touted on its Twitter account that "Uniswap continues to see record volume growth! / January on track to support a monthly all-time high of $25bn / Uniswap now the 4th largest cryptocurrency spot venue in the world." Similarly, an update on Uniswap's blog from December 2024 titled "Uniswap Labs and Fireblocks Collaborate To Bring DeFi to More

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Institutions" highlighted how Uniswap Labs was working with Fireblocks, "a digital asset operations and payments platform trusted by 2,000 clients globally" for "asset managers, hedge funds, and other financial firms [to] access Uniswap Protocol's deep liquidity and competitive pricing directly from the Fireblocks platform."

429.

At its launch in 2020, 21% of the supply of UNI was distributed "to team members and future employees," 18% was distributed "to investors," and 0.69% was distributed to "advisors," all with "4-year vesting." Thus, the financial incentives and fortunes of Uniswap's management and insiders were aligned with other UNI investors'.

430.

Moreover, users buying and selling crypto assets via Uniswap pay fees on each trade to the liquidity providers in those crypto assets. The Uniswap protocol's source code includes a variable, commonly called the "fee switch," that could allow the protocol itself to charge and receive trading fees if approved by the protocol's governance. Although throughout Uniswap's existence the fee switch has not been activated, governance proposals have been put forward at times in the Uniswap DAO to activate the fee switch. The Uniswap platform regularly has trading volumes in the billions of dollars, rivaling Coinbase itself in terms of trading volume. The potential that the fee switch could be activated, resulting in substantial revenues from Uniswap's large trading volumes that the Uniswap DAO could distribute to UNI holders, is a further factor that would lead a reasonable investor to expect profits from UNI. In addition to this fee switch, Uniswap Labs itself charges a fee on certain trades executed on Uniswap or via Uniswap Labs interfaces, which it stated is designed to "sustainably fund our operations." Uniswap Labs further stated that "[t]he Uniswap Trading [Application Programming Interface] is developed and maintained by the same US-based team that built the Uniswap Protocol, which has processed $2.5T in all-time volume and over 465 million swaps with zero hacks."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

431.

UNI peaked at approximately $45 per token with a market capitalization of approximately $23.3 billion on May 3, 2021. As of April 15, 2025, it traded at $5.24 and its market capitalization was approximately $3.1 billion—reflecting a price drop of more than 88% and a loss of approximately $20.2 billion in market value.

28. VGX

432.

“VGX” is the native token of the crypto asset platform known as Voyager, which is owned and operated by Voyager Digital, LLC, a New Jersey-based Delaware corporation founded in 2018.

433.

The Voyager platform allowed customers to buy and sell crypto assets and earn interest by participating in the Voyager Earn Program, which allowed investors to tender crypto assets to Voyager through the Voyager platform, in exchange for Voyager’s promise to provide a variable interest payment.

434.

VGX could be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms and was available for trading on the Coinbase Platform starting in November 2021 until approximately September 2023, when, on information and belief, Coinbase suspended trading of VGX on the Coinbase Platform.

435.

On its website, Voyager advertised that its “commission-free” “broker model” utilized “Smart Order Routing” to connect more than a dozen crypto asset trading platforms and market makers “to offer investors unparalleled speed, liquidity, and pricing – all in one app.” According to its website, as of March 2022, the Voyager platform supported more than 100 crypto assets.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

436.

In October 2020, Voyager acquired LGO Markets, a French crypto asset trading platform and LGO Markets' native token, LGO. As part of the acquisition, both VGX and LGO tokens were swapped into newly minted tokens that Voyager referred to as VGX 2.0 tokens, but which continued to trade as "VGX" on both Voyager and third-party crypto trading platforms.

437.

VGX is an Ethereum token associated with the Voyager platform. Voyager describes VGX as "designed to reward Voyager customers for their loyalty, for holding VGX in their Voyager accounts and to motivate community members for their participation in the multifaceted rewards functions of VGX."

438.

From approximately October 2019 until October 2022, Voyager was the majority owner of VGX tokens, holding approximately 60.38% as of October 2022. On information and belief, as of June 2023, Voyager owned approximately 17% of all VGX tokens. Accordingly, Voyager's fortunes were, and remained, aligned with VGX investors' fortunes.

439.

Voyager publicly disseminated information based on which VGX purchasers, including those who purchased VGX since November 2021, reasonably viewed VGX as an investment in and expected to profit from Voyager's efforts to develop, expand, and grow its trading platform, loyalty program, and other touted features of its business, which, in turn, would increase the demand for and the value of VGX.

440.

Voyager touted the experience of its founders in both the original VGX and VGX 2.0 white papers, and highlighted the continued role that Voyager would have in ensuring the success of VGX, including the following examples:

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

- The original white paper stated: “Voyager’s team consists of finance and technology industry veterans dedicated to empowering and servicing investors in the most exciting asset class to date—crypto. Our founders have combined their decades worth of experience from leading organizations.”
- The VGX 2.0 white paper stated that in the first three years following the integration of VGX and LGO, Voyager would mint an additional 70 million VGX for the “growth pool . . . to power Voyager Loyalty rewards, as well as fund promotional campaigns.”

441.

Coinbase’s website still states that “Steve Ehrlich, Phillip Eytan, Oscar Salazar, and Gaspard de Dreuzyare are the founders of Voyager token,” and that “Ehrlich is the CEO and was previously the CEO of Tradier, Inc., a financial technology firm”; “Eytan is a serial entrepreneur and cofounded Pager, a digital health start-up”; and “Salazar is the cofounder of Uber as its founding architect and CTO.”

442.

Voyager incentivized customers to buy, hold and encourage others to purchase VGX. For example, Voyager promoted that by holding VGX on the Voyager platform, customers could earn interest in-kind as well as interest rate “boosts” on certain other crypto assets loaned to Voyager. Customers could also earn VGX by referring others to the Voyager platform.

443.

Voyager also incentivized its customers to buy and hold VGX with its “Loyalty Program,” launched in late September 2021, through which customers could rise to higher reward “tiers” based on the amount of VGX they held on the platform. Each tier offered progressively higher staking rewards and higher discounts on crypto withdrawal fees and rewards on Voyager debit card charges. In June 2022, Voyager announced it was expanding its Loyalty Program to six tiers. The July 2021 VGX 2.0 white paper introduced and touted even more features that Voyager was developing for the VGX loyalty program, including VGX

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

cashback rewards on a Voyager debit card, auto-staking of various crypto assets, and continued international expansion of the Voyager platform.

444.

Further, on or about May 1, 2021, Voyager introduced a 25% burn of all VGX used to pay withdrawal fees on the Voyager app "in an effort to help reduce the circulating supply of tokens." As with the "burn" mechanisms of other crypto securities set forth herein, Voyager's marketed burning of VGX led investors reasonably to view their purchase of VGX as having the potential for profit.

445.

On or about July 1, 2022, following a number of crypto market disruptions and its own subsidiary's default on a multi-hundred-million-dollar loan, Voyager suspended all trading, rewards programs, deposits, and withdrawals on the Voyager platform. Four days later, on July 5, 2022, Voyager and its parent companies filed for Chapter 11 bankruptcy.

446.

To this day, on the Coinbase Platform, Coinbase describes VGX as "a regulated crypto broker that offers investors an easy, safe, and convenient experience in crypto asset trading," adding, "The platform executes orders across multiple exchanges and gives customers access to a liquid market. To simplify the process, Voyager offers an app that aims to make trading accessible, fast, and user-friendly and charges no commission for trading via the application." Coinbase's website further states, "On Voyager, VGX holders can earn staking rewards, receive cashback on trades, and more."

447.

VGX peaked at a price of approximately $12.47 per token on January 6, 2018, and reached its largest market capitalization of approximately $1.6 billion. As of April 15, 2025, VGX traded at around $0.0057, with a market capitalization of approximately $5 million—

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

reflecting a price drop of more than 99% and a loss of approximately $1.6 billion in market value.

29. wLUNA

448.

wLUNA, or "Wrapped LUNA," is an Ethereum-based token associated with the cryptocurrency LUNA. wLUNA was listed for trading on the Coinbase platform on or around August 21, 2021. Coinbase suspended trading in wLUNA on May 27, 2022.

449.

As described above, Do Kwon, along with an individual named Daniel Shin, founded Terraform Labs ("Terraform") in April 2018. In April 2019, Terraform and Kwon launched and promoted the Terraform blockchain, which would record and display transactions of cryptocurrency across computers in a linked network.

450.

Terraform coded into the blockchain at launch one billion tokens of a particular crypto asset, LUNA, that it created. Beginning even before the blockchain was developed, Terraform entered agreements to sell LUNA to buyers in exchange for both fiat currency and other crypto assets, such as Bitcoin. The terms of those agreements referred to an "Initial Token Launch," which was defined as "the online sale and/or distribution of Tokens by the Vendor [Terraform or its subsidiary Terraform BVI] to the general public in a campaign to be initiated and conducted by the Vendor."

451.

The agreements further contemplated that "Terraform would undertake efforts to generate a secondary trading market for the LUNA tokens." The terms of the sales provided incentives for the purchasers to resell LUNA tokens by, for example, setting the purchase price at discounts of 40% or more from expected market prices. In a fundraising update in December 2018, Terraform co-founder Daniel Shin wrote that Terraform had "begun exchange listing discussions given

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

token listing is a precondition for Terra/Luna ecosystem to operate." Terraform used proceeds from selling LUNA to, in part, fund Terraform's operating costs.

452.

In a Tweet on April 7, 2021, Kwon wrote: "A bet on the moon [LUNA] is very simple: it goes up in value (inc. scarcity) the more Terra money is used; it goes down in value (inc. dilution) the less Terra money is used. The moon's fate in the long run is tied to how widely the money gets used and transacted." In another post that day, Kwon wrote: "But in the long run, $Luna value is actionable — it grows as the [Terraform] ecosystem grows. As a holder of the [moon], you then have three choices: Sit back and watch me kick ass; Take profits and buy un-valuable assets; Or you can roll up your sleeves and build cool shit." Around the same time, SJ Park, Director of Special Projects at Terraform, stated in a videotaped presentation that "[o]wning LUNA is essentially owning a stake in the network and a bet that value will continue to accrue over time."

453.

Similarly, Terraform's business development lead, Jeff Kuan, stated in a 2021 public interview that "investing in Terra means ... buying LUNA, which is the 'equity' in our co." Terraform's head of communications, Brian Curran, remarked in a June 2021 public interview that "[o]wning LUNA is equivalent to owning a stake in the transaction fees of a network like Visa" because "[a]ll the transaction fees from Terra stablecoins are distributed to LUNA stakers in the form of staking rewards."

454.

In December 2019, Terraform further developed the LUNA and Terra ecosystem by creating another crypto asset called UST, which Terraform described as a "stablecoin" whose value was permanently and algorithmically pegged to one U.S. dollar. As part of the algorithm, one UST could always be exchanged for $1 worth of LUNA, and $1 worth of LUNA could always be exchanged for one UST. In March 2021, Terraform launched "the Anchor Protocol,"

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

which it described as a key component of "the Terra money market," allowing UST holders to earn interest payments by depositing their tokens in a shared pool from which others could borrow UST. Terraform publicly announced, in a Tweet by Kwon, that "Anchor will target 20% fixed APR," which was "by far the highest stablecoin yield in the market." A June 2020 white paper described the Anchor Protocol as "an attempt to give the main street investor a single, reliable, rate of return across all blockchains."

455.

The Anchor Protocol website stated that "[d]eposited stablecoins are pooled and lent out to borrowers, with accrued interest pro-rata distributed to all depositors." By May 2022, there were approximately 18.5 billion tokens of UST, 14 billion of which had been deposited in the Anchor Protocol.

456.

In December 2020, Terraform launched a platform allowing LUNA holders to create a "wrapped" version of LUNA, wLUNA, that could be traded on non-Terraform blockchains, such as Ethereum, but was otherwise identical to LUNA. These wLUNA tokens were generally created, or "bridged," from the Terraform blockchain to another blockchain by depositing LUNA in a particular wallet address on the Terraform blockchain, and then having an associated smart contract on different blockchains, such as the Ethereum blockchain, to create wLUNA. Similarly, wLUNA could be bridged back to the Terra blockchain by having wLUNA destroyed, or "burned," by the smart contract on the non-Terraform blockchains and receiving LUNA from the address or smart contract on the Terraform blockchain. In essence, this mechanism created a pool of LUNA on the Terraform blockchain, through which wLUNA owners could convert their holdings back into LUNA.

457.

Investors purchased wLUNA with other crypto assets or with fiat currency through crypto asset trading platforms. For example, to create wLUNA, investors deposited LUNA to an

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

address or smart contract on the Terraform blockchain, which was then "bridged" to the Ethereum or other blockchains to create wLUNA.

458.

Investors in wLUNA invested in a common enterprise with other wLUNA investors and LUNA investors. To create wLUNA, LUNA was pooled together in an address or smart contract on the Terraform blockchain. For each LUNA that entered into the pool, a new wLUNA would be created on a different blockchain, such as Ethereum.

459.

As LUNA and wLUNA were exchangeable on a one-to-one basis, the price of wLUNA generally equaled the price of LUNA. Therefore, holders of wLUNA shared in the rise and fall of the value of the wLUNA and LUNA token and, as a result, the fortunes of wLUNA investors were tied to one another and to the fortunes of Terraform Labs.

460.

At their peak in spring 2022, the combined value of LUNA and UST exceeded $50 billion, with the value of LUNA reaching $40 billion. In May 2022, LUNA, wLUNA, and UST collapsed when UST became irreversibly depegged from the dollar, with the price of LUNA (and wLUNA) crashing from over $119 to under a penny, and wiping out over $40 billion in investors' money.

461.

Investors in wLUNA had an expectation of profits based on the managerial efforts of Terraform Labs because the price of wLUNA, by definition, equaled the price of LUNA. Reasonable investors purchasing wLUNA either understood this economic reality, or believed that they were purchasing LUNA when they were in fact purchasing wLUNA. In fact, Terraform Labs principal Do Kwon himself used the terms LUNA and wLUNA interchangeably. For instance, when Kwon tweeted about wLUNA's availability on a prominent U.S.-based trading platform, he referred to it as "$LUNA," which is how he frequently referred to LUNA.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Regardless of whether investors understood the difference between LUNA and wLUNA, investors purchased wLUNA with the understanding that the value of the token would be driven by the value of LUNA. As described above, Terraform led investors to reasonably expect to profit from LUNA, and therefore wLUNA, based on the managerial efforts of Terraform and Kwon to develop the Terraform ecosystem.

462.

The definition of security under the Oregon Securities Law, ORS 59.015, includes a "receipt for" a security. As described above, when an investor "bridges" LUNA to obtain wLUNA, the owner of the wLUNA has the right and ability at any time to exchange the wLUNA for LUNA, which was offered and sold as a security. This mechanism created a pool of LUNA on the Terraform blockchain through which wLUNA owners could convert their holdings back into LUNA. As a result, wLUNA is also a security because it is a receipt for a security.

463.

LUNA is the subject of an indictment issued by a federal grand jury against Kwon charging him with multiple counts of fraud, including securities fraud, and money laundering in connection with Terraform, LUNA, and other Terraform ventures and cryptocurrencies. As summarized by the U.S. Department of Justice, the indictment alleges, for example, that:

> Kwon orchestrated schemes to defraud purchasers of Terraform cryptocurrencies. Among other things, Kwon made false and misleading claims regarding the stability and efficacy of Terraform's cryptocurrency stablecoin protocol, its use of blockchain technology, and its development of functioning and reliable financial technologies.
>
> As Kwon knew, however, core Terraform products did not work as Kwon had claimed. Rather, Kwon manipulated Terraform products to create the illusion of a functioning, stable, and decentralized financial system. Kwon's conduct inflated the value of Terraform's cryptocurrencies, which Kwon and entities he controlled possessed in large amounts and sold to investors in exchange for billions of dollars' worth of other assets.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

464.

As to WLUNA, according to DOJ, Kwon further "made misrepresentations about the governance of the Luna Foundation Guard Ltd. (LFG), which Kwon claimed was managed by an independent governing body and was tasked with deploying billions of dollars' worth of financial reserves to defend UST's peg. But as Kwon knew, he controlled both the LFG and Terraform. In addition, Kwon misappropriated hundreds of millions of dollars in assets from the LFG." Kwon also "falsely claimed that the Terra blockchain was being used to process billions of dollars in financial transactions for the Korean payment-processing application Chai. In doing so, Kwon claimed that the Terra blockchain had 'real world' applications or uses, as distinct from competing cryptocurrency platforms. But as Kwon knew, Chai processed transactions through traditional financial processing networks, not the Terra blockchain."

30. XRP

465.

XRP is the native token of the XRP Ledger (XRPL), similar to ETH for the Ethereum blockchain or BTC for Bitcoin, issued by Ripple Labs, Inc. ("Ripple"), a Delaware corporation based in San Francisco. XRP can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and XRP was first listed for trading on the Coinbase Platform in February 2019, and was relisted in July 2023 after being delisted in January 2023.

466.

XRP's history dates back to 2011 and early 2012, when Arthur Britto, Jed McCaleb, and David Schwartz developed the source code for a cryptographically secured ledger, or a "blockchain," which is now known as the XRP Ledger. They aimed to create a faster, cheaper, and more energy-efficient alternative to the bitcoin blockchain, the first blockchain ledger which was introduced in 2009. When the XRP Ledger launched in 2012, its source code generated a fixed supply of 100 billion XRP.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

467.

In 2012, Britto and McCaleb founded Ripple, then hired Christian Larsen to be Ripple's CEO, a position he held until December 2016. Of the 100 billion XRP generated by the XRP Ledger's code, the three founders retained 20 billion for themselves (including 9 billion for Larsen) and provided 80 billion XRP to Ripple. The founders did not sell any XRP before the launch of the XRP Ledger, and Ripple never owned the 20 billion XRP retained by the three founders.

468.

Since its founding, Ripple's mission has been to realize an "Internet of Value" by using technology to facilitate the transfer of value across the internet. Specifically, Ripple "seeks to modernize international payments by developing a global payments network for international currency transfers." For instance, Ripple developed a software product called RippleNet, which allows customers to clear and settle cross-border financial transactions on mutually agreed upon terms. One feature of RippleNet is known as "on demand liquidity" ("ODL"). ODL facilitates cross-border transactions by allowing customers to exchange fiat currency (for example, U.S. dollars) for XRP and then the XRP for another fiat currency (for example, Mexican pesos). Like ODL, some, but not all, of Ripple's products and services rely on the XRP Ledger and XRP.

469.

The XRP Ledger (a/k/a "Ripple Protocol") requires XRP to operate, and the XRP Ledger itself operates as a peer-to-peer database spread across a network of computers that records transaction data, among other things. As Coinbase has touted, "[t]he XRP Ledger provides a platform for developers to build applications with the potential to enhance the efficiency and speed of digital transactions." The XRP Ledger is based on open-source software; anyone can use the ledger, submit transactions, host a node to contribute to the validation of transactions, propose changes to the source code, or develop applications that run on the ledger. Other developers have built software products that use the XRP Ledger, such as payment-processing

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

applications. Ripple has also funded companies as part of its "Xpring" initiative to incentivize the development of other use "cases" on the XRP Ledger.

470.

At all times before the end of 2020, Ripple owned between 50 and 80 billion XRP. From 2013 through the end of 2020, Ripple engaged in various sales and distributions of XRP.

471.

First, Ripple, through wholly owned subsidiaries, sold XRP directly to certain counterparties (primarily institutional buyers, hedge funds, and ODL customers) pursuant to written contracts (the "Institutional Sales"). According to the SEC, Ripple sold approximately $728.9 million of XRP in these Institutional Sales.

472.

Ripple pooled the proceeds of these Institutional Sales into a network of bank accounts under the names of its various subsidiaries. Although Ripple maintained separate bank accounts for each subsidiary, Ripple controlled all of the accounts and used the funds raised from the Institutional Sales to finance its operations. Ripple did not segregate and separately manage investor funds or allow for profits to remain independent. And Ripple's accountants recorded all of its XRP-related proceeds together.

473.

Second, Ripple sold XRP on digital asset exchanges "programmatically," or through the use of trading algorithms (the "Programmatic Sales"). According to the SEC, Ripple sold approximately $757.6 million of XRP in Programmatic Sales. Ripple used the proceeds from the Institutional and Programmatic Sales to fund its operations. Ripple also used the funds it received from its Institutional Sales to promote and increase the value of XRP by developing uses for XRP and protecting the XRP trading market.

COHEN MILSTEIN SELLERS
& TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

474.

Ripple also distributed XRP as a form of payment for services ("Other Distributions"). For instance, Ripple distributed XRP to its employees as a form of employee compensation. Ripple also distributed XRP in conjunction with its Xpring initiative to fund third parties that would develop new applications for XRP and the XRP Ledger. According to the SEC, Ripple recognized revenue of $609 million from its distributions of XRP to individuals and entities in exchange for services. Ripple made it part of its "strategy" to sell XRP to as many speculative investors as possible. While Ripple touted the potential future use of XRP by certain specialized institutions, a potential use it would deploy investor funds to try to create, Ripple sold XRP widely into the market, specifically to individuals who had no "use" for XRP as Ripple has described such potential "uses" and for the most part when no such uses even existed.

475.

Ripple lacked the funds to pay for its endeavors and for its general corporate business expenses, which for 2013 and 2014 already exceeded $25 million, without selling XRP.

476.

In addition to Ripple's sales and distributions, Larsen and Bradley Garlinghouse, Ripple's former COO and later CEO, offered and sold XRP in their individual capacities. After stepping down as CEO of Ripple in December 2016, Larsen became the Executive Chairman of Ripple's Board of Directors, a position he currently holds. From at least 2013 through 2020, Larsen sold XRP on digital asset exchanges programmatically and made at least $450 million from his sales. Garlinghouse was hired as Ripple's COO in April 2015, and became CEO effective January 1, 2017, a position he currently holds. From April 2017 through 2020, Garlinghouse sold XRP on digital asset exchanges—indeed, the SEC alleges that Garlinghouse sold approximately $150 million in XRP during this period. Garlinghouse has also received XRP as part of his overall compensation from Ripple.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

477.

Since at least 2013, Ripple has prepared and distributed documents that describe the company's operations, the XRP trading market, and the XRP Ledger. For example, in 2013 and 2014, Ripple created three brochures: a "Ripple for Gateways" brochure, a "Ripple Primer," and a "Deep Dive for Finance Professionals." These documents were distributed publicly to prospective and existing XRP investors and outline, among other things, the relationship between XRP and Ripple's business model. Ripple circulated versions of the "Gateways" brochure to more than one hundred third parties, the "Primer" had "widespread distribution," and the "Deep Dive" was posted on Ripple's website and sent to over one hundred people. Later, starting at the end of 2016, Ripple began to publish on its website quarterly "XRP Market Reports," which were intended to provide "clarity and visibility" about Ripple's market activities.

478.

Ripple and its senior leaders used a variety of social media platforms—including Twitter, Facebook, Reddit, and XRP Chat, an online forum described as "The Largest XRP Crypto Community Forum"—to communicate about XRP and Ripple. Ripple officials also spoke in interviews about the company and its relationship to XRP. For instance, Larsen gave interviews in which he discussed XRP, and Garlinghouse was interviewed by media outlets such as the Financial Times, Bloomberg, and CNBC, spoke with organizations like the Economic Club of New York, and participated at conferences such as DC Fintech, in which he described Ripple's operations and the XRP market.

479.

Ripple's marketing efforts touted XRP as an investment tied to Ripple's success. In the "Deep Dive" brochure, which was circulated to prospective investors, Ripple explains that its "business model is predicated on a belief that demand for XRP will increase . . . if the Ripple protocol becomes widely adopted," and "[i]f the Ripple protocol becomes the backbone of global value transfer, Ripple . . . expects the demand for XRP to be considerable." Similarly, the

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

"Ripple Primer" states that Ripple "hopes to make money from XRP if the world finds the Ripple network useful." The "Gateways" brochure also explains that "Ripple's business model is based on the success of [XRP,]" and includes a graphical representation of bitcoin's price change below the text: "Can a virtual Case currency really create and hold value? Bitcoin proves it can." In a promotional document Ripple circulated to potential investors around May 2013, Ripple explained that its "business model is based on the success of its native currency," that it would "keep between 25% to 30%" of XRP, and noted the "record highs" of prices other crypto assets had achieved as something Ripple hoped to emulate for XRP.

480.

Later, through its XRP Market Reports, Ripple continued to connect XRP's price and trading to its own efforts. Ripple's Q1 2017 XRP Markets Report states that the company's efforts—including its "vocal . . . commitment to XRP," the announcement of a new business relationship, and "continu[ing] to sign up banks to commercially deploy its enterprise blockchain solution and join its global payments network"—may have had an impact on XRP's price increase and "impressive" trading volume. The Q2 2017 XRP Markets Report highlights XRP's "dramatic" and "stunning" price increase and notes that "[t]he market responded favorably to [Ripple's] escrow and decentralization announcements." Similarly, Ripple's Q1 2020 XRP Markets Report states that XRP's liquidity was "bolstered through new use cases for XRP outside of cross-border payments." Ripple repeatedly stated publicly that they would undertake significant efforts to develop and foster "uses" for XRP, so that banks, financial intermediaries, or other specialized money transmitting businesses would want to buy it (the identity of the "users" to whom it would position XRP varied over the years as Ripple explored different strategies).

481.

Similarly, Coinbase has touted that "XRP presents a wide variety of applications and use cases related to payments, including micropayments, DeFi, and soon, NFTs. The XRP Ledger

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

supports enterprises and developers with powerful utility and flexibility." Coinbase also advertises that "[d]evelopers can create solutions that solve inefficiencies, including remittance and asset tokenization, using the XRP Ledger" and "[t]he XRP Ledger provides a platform for developers to build applications with the potential to enhance the efficiency and speed of digital transactions." As Coinbase explains, "[c]urrently, the five main applications of the XRP Ledger are payments, tokenization, DeFi, CBDCs, and stablecoins."

482.

Coinbase's webpage about XRP also includes "XRP Insights" featuring what "Bulls say" and what "Bears say," with the "bull" case for investing in XRP stating that "Ripple is creating a solution for investors and developers looking for institution-friendly blockchain products, and the project may be well-positioned to seize on a new wave of hype if it succeeds in establishing partnerships with financial institutions." The page went on to note that "[t]hese partnerships would help the network integrate into existing payment infrastructures for wider adoption."

483.

Ripple also persistently stated publicly that—partly to achieve the goal of widespread XRP trading—they would take steps to create, promote, and protect the market for trading in XRP, such as managing the manner in which Ripple bought and sold XRP, and by persuading crypto asset trading platforms to permit investors to buy and sell XRP. These statements led reasonable investors to expect to profit from Ripple's efforts on behalf of XRP.

484.

During this time, Ripple's senior leaders echoed similar statements on various public channels. In a February 2014 interview, Larsen said, "for Ripple . . . to do well, we have to do a very good job in protecting the value of XRP and the value of the network," and asked potential investors to "[g]ive [Ripple] time" to "add[] the most value to the protocol." In July 2017, David Schwartz, who was then chief cryptographer at Ripple, wrote on Reddit that "Ripple's interest[s] closely (but, yes, not perfectly) align with those of other XRP holders." In February 2018,

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

Schwartz posted on Reddit that what "really set[s] XRP apart from any other digital asset" is the "amazing team of dedicated professionals that Ripple has managed to amass to develop an ecosystem around XRP." In a December 2017 interview, Garlinghouse stated that XRP gave Ripple "a huge strategic asset to go invest in and accelerate the vision [it] see[s] for an internet of value." And, in March 2018, Garlinghouse said at a press conference that "Ripple is very, very interested in the success and the health of the ecosystem and will continue to invest in the ecosystem." In a CNBC interview on March 7, 2018, Ripple CEO Brad Garlinghouse reminded investors that "[t]here's no party more interested in the success of the XRP ecosystem than Ripple . . . because we own a lot of XRP." Thus, he continued, Ripple had "invested in venture funds . . . in hedge funds . . . in companies, [and] . . . partnered with payment providers [and] . . . market makers, in order to make sure that XRP is the most useful asset out there for solving a cross border payment problem."

485.

Ripple and its senior leaders publicly emphasized the complexity of creating an "internet of value" and the need for extensive capital to solve this "trillion dollar" problem. For instance, in October 2017, Garlinghouse declared in a YouTube video: "I have no qualms saying definitively if we continue to drive the success we're driving, we're going to drive a massive amount of demand for XRP because we're solving a multitrillion dollar problem." In July 2017, Schwartz wrote on Reddit that, "Ripple can justify spending $100 million on a project if it could reasonably be expected to increase the price of XRP by one penny over the long term." In November 2017, Schwartz posted on XRP Chat that Ripple would use its "war chest" to put upward pressure on XRP's price.

486.

Moreover, Ripple sold XRP as an investment rather than for consumptive use. In their sales contracts, some Institutional Buyers agreed to lockup provisions or resale restrictions based on XRP's trading volume. These restrictions are inconsistent with the notion that XRP was used

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

as a currency or for some other consumptive use. A rational economic actor would not agree to freeze millions of dollars if the purchaser's intent was to obtain a substitute for fiat currency. Certain Institutional Sales contracts required the Institutional Buyer to indemnify Ripple for claims arising out of the sale or distribution of XRP, and other contracts expressly stated that the Institutional Buyer was purchasing XRP "solely to resell or otherwise distribute . . . and not to use [XRP] as an [e]nd [u]ser or for any other purpose." These various provisions in the Institutional Sales contracts support the conclusion that the parties did not view the XRP sale as a sale of a commodity or a currency—they understood the sale of XRP to be an investment in Ripple's efforts.

487.

Ripple's founders were aware of the risk that XRP would be deemed an unregistered security. In February 2012, before the XRP Ledger was publicly launched, Ripple's founders, including Larsen, received from the Perkins Coie LLP law firm a memorandum, which sought to "review the proposed product and business structure, analyze the legal risks associated with [Ripple], and recommend steps to mitigate these risks." The memorandum analyzed, among other things, the legal risks associated with selling XRP. Specifically, it stated that "[i]f sold to [i]nvestors, [XRP tokens] are likely to be securities," and "[t]o the extent that [the founders'] issuance of [XRP] does not involve an investment of money, there is a low risk that [XRP] will be considered an investment contract." In October 2012, Ripple, Larsen, and others received another memorandum from Perkins Coie which sought to "review the proposed features of the Ripple [n]etwork and [XRP] and provide recommendations for mitigating relevant legal risks." That memorandum states that "[a]lthough we believe that a compelling argument can be made that [XRP tokens] do not constitute 'securities' under federal securities laws, given the lack of applicable case law, we believe that there is some risk, albeit small, that the [SEC] disagrees with our analysis." The memorandum further stated that, "[t]he more that [the founders and Ripple] promote [XRP] as an investment opportunity, the more likely it is that the SEC will take action

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

and argue that [XRP tokens] are 'investment contracts.'" Larsen reviewed both the February and the October 2012 memoranda and discussed them with Perkins Coie attorneys. Both memoranda analyze XRP under the Supreme Court's holding in *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946), which outlines the standard for an investment contract under federal securities law.

488.

XRP peaked at a price of approximately $3.40 per token on January 7, 2018, and reached its largest market capitalization of approximately $194 billion. As of April 15, 2025, it traded at around $2.12 with a market capitalization of approximately $124 billion—reflecting a price drop of more than 37% and a loss of approximately $70 billion in market value.

31. XYO

489.

XYO is an Ethereum-based token that was created by XY Labs, Inc. ("XY"). XYO can be bought and sold for fiat currency or other crypto assets on numerous secondary trading platforms, and has been available for trading on the Coinbase Platform since approximately September 8, 2021.

490.

XY was originally organized as a Delaware limited liability company in June 2012 under the name Ength Degree LLC. Ength Degree became a corporation in May 2016, and underwent several name changes before assuming its current name in November 2018. XY's Chief Executive Officer, Arie Trouw, has served in that role since June 2012, and has served as Chairman of XY's Board of Directors since May 2016.

491.

Per its white paper, XY operates a crypto-location and data blockchain network of devices that anonymously collects and validates geographic data (the "XYO Network"). XYO tokens purportedly can be used to pay for data location queries and to the network participants who answer those queries. In an online post, XY explained that the tokens "are essentially the

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

gas that allows people or companies to ask the Network queries (like, did my shipment arrive?) and the XYO tokens they pay to ask the question get awarded to those who help create the answer!"

492.

XY and its founders conducted an ICO from March 19, 2018 until May 19, 2018, selling 1.2 billion tokens and raising approximately $12 million. On information and belief, the ICO had a tiered pricing structure, with a starting price of approximately $0.005 for 1 XYO token, and XY fixed the supply of XYO tokens and capped the total supply of tokens at 13.96 billion. XY explained that, after the ICO, it would burn any unsold and unallocated tokens.

493.

XY and its founders described how they would use funds raised during the ICO to build the XYO Network. While the XYO Network was purportedly operational in a limited form during this offering, it has grown significantly since then. Shortly before the ICO, XY provided a "Roadmap" with target dates for XY's plans to develop the business. For example, for the latter half of 2018, XY planned to "issue a complete roll out of the XYO Network[.]" Another goal, slated for 2019, was for XY to "onboard larger businesses, organizations and retail companies that have use-cases for location verification." For 2020 and beyond, XY planned to "expand the Global Reach of entire XYO Network."

494.

In a May 2018 update following the completed ICO, XY's co-founder and Chief Marketing Officer outlined XY's plans to "create an ecosystem" attractive to both those that paid for the data location queries and those who answered the queries. These priorities included building a team of "blockchain diehards," expanding the XYO network via major partnerships, and developing an "XYO App." XY's co-founder emphasized that, with the ICO completed, the XY team would "remain laser-focused on developing the technology and ecosystem of the XYO Network." The ICO proceeds would supposedly be allocated to further "the long-term

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

development goals of the XYO Network," with 40% of proceeds to "XYO Network Growth & Marketing Strategic Partnership," 35% to "Engineering & R&D," and the remaining 15% to operations, overhead, and supporting platform projects.

495.

XY has repeatedly emphasized to investors XYO's profit potential, including highlighting the availability of secondary markets. For example:

- As XY explained in the XYO white paper, XY has permanently fixed the number of XYO tokens to increase the value of the XYO token. XY claimed that the success of the ecosystem would, in turn, expand XY's user base, thus continuing to create demand for XYO tokens. XY has consistently touted the growth of its user base.
- In a December 2018 post titled "XYO Token FAQ," XY noted: "Some folks just want to buy XYO Tokens to see if they can make a profit from trading." While XY claimed that was "not the intended purpose of an XYO token," it immediately followed that claim by stating that trading in the tokens by purchasers hoping to make a profit was "incredibly common" and "you're completely allowed to simply buy XYO Tokens and hope that the price increases, so you can sell for a profit."
- In that same post, XY directed potential investors to an internet site that listed all of the secondary markets on which XYO could be traded. On information and belief, XY also tried to facilitate those listings. For example, XY applied twice for XYO to be listed on one U.S.-based secondary trading platform: first on October 8, 2018, and again on January 5, 2022.
- XY and its founders touted that burning XYO would limit XYO availability, announcing in May 2019 that "[u]p to ~ 3.2 Billion of XYO Will Be Burned, Dracarys Style. Token burning events are typically very good news for current HODL'ers [a slang term for "holders"]. It reduces supply; which, in theory, should help create a healthier token economy for XYO."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

496.

XY and its founders have continued to promote XYO's value as an investment, both in connection with its role at XY and as a token that can be traded on the secondary markets. For example:

- XY obtained listings for XYO on multiple trading platforms and publicized those listings via social media channels. For example, in a November 10, 2021 post, XY publicized new XYO listings on "one of the largest and most prominent cryptocurrency exchanges in the world."
- In 2021, XY listed on its website the secondary trading platforms where XYO could be traded, and as of July 2022 stated on its front page that, "[i]n 2021 alone, the XYO Token grew in value by over 30,000%."
- In March 2022, XY continued to promote its new listings, posting: "We had several new token listings this month. . . which is pretty cool if you ask us. We're adding new exchanges all the time, so keep an eye out for your favorite exchange as XYO continues to expand with no signs of slowing down."
- As of March 2025, XY lists 16 exchanges on its website, touting that the XYO token "is listed on the most popular exchanges in the world."

497.

Coinbase has advertised that "XYO aims to enable developers to interact with the physical world as if it were an [Application Programming Interface]" by "seek[ing] to make location verification trustless, creating a protocol with novel use cases that have not been possible until today." Coinbase has further highlighted how, purportedly, "the XYO Network has grown significantly, with over 1,000,000 devices circulating worldwide," and "[t]his growth has been facilitated by their consumer-facing business, which allows everyday consumers to use XYO's Bluetooth and GPS devices for tracking their belongings."

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

498.

During the XYO offering and thereafter, XY and its founders emphasized their own importance to XY's future success and the actions they would take to drive XYO Network and XYO success. For example, in a February 2018 post, just before the ICO, XY touted its team of "seasoned engineers, business development professionals and marketing experts." The post profiled the experience and accomplishments of XY's co-founders. In multiple posts in 2018 and 2019, the founders discussed their work and plans, including the development of an app, the listing of XYO on new secondary markets, and partnerships to increase XYO Network offerings.

499.

XY's day-to-day operations and Board of Directors are run by a centralized leadership group that includes two of XY's three co-founders. Following the ICO in May 2018, XY's founders and associated persons held a substantial percentage of circulating XYO tokens. On information and belief, as of December 31, 2018, XY and its founders maintained control of more than 7.44 billion XYO tokens – more than 50% of the total, fixed supply of XYO tokens.

500.

XY itself has acknowledged the fact that XYO investors had a reasonable expectation of profit from the efforts of XYO's management based on their statements and actions, stating on its website that because of "the high profile and promotion of XYO . . . [a] lot of people believe that they have shares in XYO."

501.

After the ICO, in May 2018, the price of XYO was approximately $0.0075. Before Coinbase's listing announcement on September 8, 2021, the price of XYO was approximately $0.017. On September 10, 2021, two days after Coinbase's announcement, XYO's price rose to approximately $0.033, nearly doubling in two days.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

502.

XYO peaked at a price of approximately $0.08 per token and a market capitalization of approximately $955 million on November 6, 2021. As of April 15, 2025, XYO was priced at about $0.01 per token with a market capitalization of approximately $145 million—reflecting a price drop of more than 87% and a loss of approximately $810 million in market value.

CLAIM FOR RELIEF

(Violations of the Oregon Securities Law)

Plaintiff incorporates and realleges each and every allegation contained in the preceding paragraphs as if fully alleged herein.

503.

Coinbase sold or successfully solicited sales of the above-described unregistered Crypto Securities to Oregon residents in violation of ORS 59.055 and ORS 59.115(1)(a). Coinbase further participated or materially aided in the unlawful sale of unregistered securities through its trading platform in violation of ORS 59.115(3).

504.

Pursuant to ORS 59.255(1), Plaintiff seeks an order permanently enjoining Coinbase from selling, successfully soliciting the sale of, participating and/or materially aiding in the sale of the unregistered Crypto Securities to Oregon residents.

505.

Coinbase's violations of the Oregon Securities Law have injured thousands of Oregon residents. Enforcement of the rights of such persons by private civil action, whether by class action or otherwise, would be so burdensome or expensive as to be impractical. For many of these individuals, their damages may be too small to make individual suit practical. Moreover, Coinbase has for years included arbitration and class action waiver provisions in its User Agreement for the Coinbase Platform.

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

506.

Pursuant to ORS 59.255(4)(a), Plaintiff seeks an award of restitution and/or damages on behalf of Oregon residents who have been injured by Coinbase's violations of the Oregon Securities Law.

507.

Pursuant to ORS 59.255(4)(b), Plaintiff seeks an order requiring Coinbase to disgorge all gains or profits Coinbase derived from the sale of unregistered Crypto Securities to Oregon residents.

508.

Pursuant to ORS 59.255(2), Plaintiff seeks a fine in the amount of $20,000 for each violation of the Oregon Securities Law.

509.

Pursuant to ORS 59.255(3), Plaintiff seeks an award of its reasonable attorney fees incurred in this matter.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for:

A. An order permanently enjoining Coinbase from the unlawful conduct described herein and imposing a fine of $20,000 for each of Coinbase's violations of the Oregon Securities Law;

B. An award of restitution and/or damages in an amount to be proven at trial;

C. An order requiring Coinbase to disgorge gains or profits derived from the sale of unregistered Crypto Securities to Oregon residents;

D. Prejudgment interest and post-judgment interest at the maximum rate allowable by law;

E. Costs and expenses for this litigation, including reasonable attorney fees pursuant to ORS 59.255(3); and

COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue NW, Suite 800
Washington, DC 20005
TELEPHONE: (202) 408-4600
FACSIMILE: (202) 408-4699

KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
TELEPHONE: (971) 253-4600
FACSIMILE: (206) 623-3384

F. Such other and further relief as may be deemed just and proper under the circumstances.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

DATED this 18th of April, 2025.

Respectfully submitted,

Dan Rayfield
Attorney General

s/ Brian A. de Haan
BRIAN A. DE HAAN, OSB#155251
Senior Assistant Attorney General
Oregon Department of Justice
100 SW Market Street
Portland, OR 97201
Tel.: 971-673-1880
Fax: 971-673-1888
Email: brian.a.dehaan@doj.oregon.gov

Of Attorneys for Plaintiff

Keil M. Mueller, OSB No. 085535
Jennifer S. Wagner, OSB No. 024470
Yoona Park, OSB No. 077095
Norjmoo Battulga, OSB No. 242037
KELLER ROHRBACK L.L.P.
601 S.W. Second Avenue, Suite 1900
Portland, OR 97204
(971) 253-4600
Fax (206) 623-3384
Email: kmueller@kellerrohrback.com
jwagner@kellerrohrback.com
ypark@kellerrohrback.com
nbattulga@kellerrohrback.com

Trial Attorneys and Special Assistant Attorneys General for Plaintiff

Julie G. Reiser (*pro hac vice* forthcoming)
Margaret (Emmy) Wydman (*pro hac vice* forthcoming)
COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Avenue, N.W., Suite 800
Washington, D.C. 20005
Tel.: (202) 408-4600
Fax: (202) 408-4699
Email: jreiser@cohenmilstein.com
ewydman@cohenmilstein.com

Christopher J. Bateman (*pro hac vice* forthcoming)
COHEN MILSTEIN SELLERS & TOLL PLLC
88 Pine St., 14th Floor
New York, NY 10005
Tel.: (212) 838-7797
Fax: (212) 838-7745
Email: cbateman@cohenmilstein.com

Special Assistant Attorneys General for Plaintiff